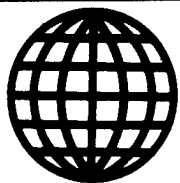


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# ***JPRS Report***

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## CHINA

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## BEIJING BODY REPORTS ALL-ROUND ECONOMIC GROWTH

OW110946 Beijing XINHUA in English 0816 GMT 11 Jul 87

[Text] Beijing, 11 Jul (XINHUA)--China's capital, Beijing, has achieved all around economic development during the first half of this year, according to the Municipal Planning Commission.

During the period, the city generated 17.47 billion yuan (more than 4.7 billion U.S. dollars) in industrial output value, up 12.4 percent over the same period last year.

The city's rural areas have harvested 74,500 tons of grain from summer crops, showing a 4.98 percent increase over the same period last year.

Furthermore, the production of vegetables was up 15.1 percent to more than 30,000 tons, and that of beef and chicken and fresh-water fish also achieved certain gains.

During the January-June period, the city's exports recorded a big growth. The total export volume reached 450 million U.S. dollars, up 34.8 percent.

Total social retail sales during the period was 8.16 billion yuan, increasing 22.6 percent, the revenue rose 3.9 percent to 3.2 billion yuan, higher than the national average, and taxation recorded a 15.5 percent increase.

In capital construction, 44 projects were stopped or delayed in line with China's present efforts to cut investment in capital construction, according to the Municipal Planning Commission.

From January to May, Beijing received 345,000 tourists and earned 670 million yuan in hard currency, 45.6 percent more than the same period last year.

By the end of June, bank savings in the city increased by 4.7 percent as compared with early this year.

However, according to the Municipal Planning Commission, the city's investment in capital construction is still higher than expected, and the supplies of some raw materials are still in short supply.

So, the commission urged different organizations and production units to further improve management of large and medium-sized enterprises, better control investment in capital construction and make more efforts to raise economic efficiency during the rest of the year.

## LIN RUO ON GUANGDONG'S REFORM EXPERIENCE

HK021350 Beijing RENMIN RIBAO in Chinese 29 Jun 87 p 5

[Article by Lin Ruo (2651 5287): "Reform and Opening to the Outside World as Viewed from Guangdong's Province"]

[Text] Guangdong began reform earlier than other provinces. In July 1979, the party central leadership and the State Council permitted Guangdong to carry out some "special policies and flexible measures." Then, the main content of the "special policies and flexible measures" was more clearly specified. That is, more widely open to the outside world, decontrol in a wider scope in the domestic policy, and giving more power to the lower levels. Through practice in the past 8 years, what results have we achieved in the above-mentioned three aspects? What experience have we gained? Many people at home and abroad have shown interest in these questions.

Guangdong's reform and opening up caused quite a lot of comment over the past 8 years. Most people praised and affirmed Guangdong's reform and opening up, but sometimes there were also some criticisms and unfavorable comments. Now, as we review the development of things in the past 8 years, we find that in general, Guangdong has made great changes through resolute implementation of the central policy for reform and opening up. In the past, Guangdong was not a main region for state investment, and its economic growth rate was lower than the national average for a long time. During the period of the sixth 5-year plan, the growth rate of Guangdong was higher than the national average, and ranked in an advanced position in the whole country. In the past 8 years, the annual amount of the province's investment in capital construction and technological transformation increased from 2 to 3 billion yuan to more than 10 billion yuan. A number of new factories, mines, power stations, harbors, and highways have been built. Many old factories have renewed their technology and equipment. The economic strength and technological levels of the province have obviously been raised. For a long time in the past Guangdong did not produce quality products, but now it can produce many high-quality goods which sell well at home and abroad. In the past 8 years, Guangdong has vigorously developed its foreign economic activities and greatly increased the volume of exports each year. Last year, Guangdong's exports ranked first in the whole country. In this period, three special economic zones in Shenzhen, Zhuhai, and Shantou were established and have basically taken shape. With the development of production, markets have become more prosperous, the people have increased their incomes, and their living

standards have been raised. In the early period of opening up, the rural per capita income in Nanhai County, Guangdong Province, reached more than 500 yuan, and it was called "the richest county" in the whole country; now the rural per capital income in the whole province has reached 540 yuan, and that in Nanhai County has increased to 1,134 yuan. The income and living standards of urban workers have also markedly risen.

Through reform and opening up in the past few ears, the people in Guangdong have personally felt the correctness of the party's line since the 3d Plenary Session of the 11th CPC Central Committee and have gained full confidence in the building of socialism with Chinese characteristics. Reform and opening up have broadened people's vision, increased their knowledge, and updated their outmoded ideas. Reform and opening up have enabled people to be better informed about how to conduct socialist construction. Reform and opening up have promoted economic development, have provided better material conditions for the development of education, science, technology, and culture, and have stimulated the development of undertakings in these fields. Reform has also provided a greater scope for people to select their jobs, encouraged people to study hard, and brought about a great mass fervor in "studying" and "education and technology." All this shows that the party central authorities' general principle and policy for reform and opening up have not only promoted material civilization, but have also promoted socialist spiritual civilization.

In short, the results of reform and opening up are obvious and remarkable. Therefore, when the cadres and ordinary people in Guangdong talk about the changes in the past 8 years, they all speak with one voice to praise the line since the Third Plenary Session, and praise the "golden era" brought to guangdong by the party's reform and opening up policy. Now, insisting on reform and opening up has become a common desire an demand of all people and cadres in Guangdong, and no one can reverse this trend.

However, reform and opening up in Guangdong did not always develop smoothly. As with all other things, the developmental process of reform and opening up also experienced twists and turns and struggles, and encountered disturbance from "leftism" and rightism, especially from the "leftist" ideas. Such disturbance has obstructed and impeded the smooth development of reform and opening up. Now, we review the course of reform and opening up in the past 8 years, sum up experience, and draw some useful lessons. This will make us more conscious in carrying out the party's line since the 3d Plenary Session of the 11th CPC Central Committee.

Like other localities in China, Guangdong began its reform from the countryside. After the 3d Plenary Session of the 11th CPC Central Committee, the masses in some localities which had most difficulties spontaneously adopted the household responsibility system based on output contracts. In some places, the masses won support from the upper leaders, and were able to pursue this system openly; but in some other places, the upper leaders did not agree with this system, and the masses adopted it secretly. In some cases, commune or production brigade cadres did not agree with such practice, then the masses secretly divided the farm land when the cadres were out attending

meetings. These phenomena caused different reactions in the leading organs at various levels at that time. In some localities, leaders had a realistic attitude and could guide the development of things. They supported the demand of the peasant masses, and rapidly took measures to perfect the responsibility system, thus bringing about a radical change in the situation. In some other localities, however, leaders regarded the practice of "assigning output quotas to households: as heterodoxy, or as a "rightist, revisionist deviation or retrogression." So, they tried by all means to "check," "suppress," and "correct" the new practice. As a result, rural reform in some localities was delayed for 2 to 3 years. In some places, local leaders took a negative and laissez-faire attitude and left many unsolved problems, thus affecting the development of production. Now, although the issue of adopting the household output contract responsibility system has been solved in the countryside, the controversy over the practice of household contracts poses this theoretical question for us: that is, should we adapt the relations of production to an advanced level without regard to the actual level of productive forces? Which is better--the relations of production which can promote the development of productive forces or the relations of production which are in line with some outmoded viewpoints but obstruct the development of productive forces? Now we have found that the "leftist" idea which merely stuck to some abstract socialist principles without regard to the conditions of social productive forces and blindly ran after some seemingly advanced relations of production, holding that only such practice could be regarded as "revolutionary" was the theoretical foundation for the previous reckless changes in our relations of production, and was also a major mental obstacle to the rural reform. Through reviewing the rural reform, we now more deeply feel that we must uphold the idea that practice is the sole criterion for testing and judging truth. The reform measures which have been proved to be favorable to the development of agricultural production and be popular with the peasants are certainly correct and should be supported. We should adopt this attitude toward many good methods created by the masses, which are favorable to economic development and to the enhancement of productive forces.

When we achieved positive results in the rural reform, we also began reforms in various economic fields in the cities. First, we took measures to delegate more decisionmaking powers to lower levels and enterprises and to facilitate various circulation channels, and changed the old management system which was too rigid and inflexible and too highly centralized. Then, we applied the experience of the rural reform to urban reforms and introduced the "contract responsibility system" of all forms in the operation of the enterprises. Financial targets were laid down at each level so as to link the responsibility and authority of all units with their economic benefit. This broke with the old practice of "eating from the same big pot," and greatly aroused people's initiative and work enthusiasm. As a result, localities and enterprises have become more dynamic; production and circulation have been enlivened and facilitated; and the entire economy has become more prosperous than before. At the same time as the economy became more dynamic, administrative units at various levels and enterprises also gained certain decision making powers and had control over certain financial resources. Under such conditions, we were faced with a new question of how to exercise

effective macroeconomic control and regulation. In the economic activities, the old "balance" was broken, but the new balance had not been established. This unavoidably caused some "disturbances." Some comrades did not see the most important fact that the economy was enlivened and social productive forces were developed, and failed to judge the right and the wrong in reforms according to this fact. They were still influenced by the "leftist" ideology and tended to take some ossified practice in the old economic model as "socialist principles." Once these "principles" were shaken, they thought that reform had "disrupted" the economy and thus suspected and lost confidence in reform. In recent years, in view of such ossified ideas and viewpoints, we have paid special attention to publicizing this viewpoint: Our reform is a self-improvement process of socialism, and it must be an evolutionary process. When the old structure is replaced by the new structure, we cannot avoid the appearance of some problems, but it is possible to solve these problems. Problems appearing in reform can only be solved through reform. That is to say, we should solve the problems through deepening and coordinating reforms, and must not simply give up reform once we encounter some problems.

The reform of the price system is a very complicated process which is full of contradictions. In the past, prices were frozen for a long time. In particular, the more important the products were, the more rigidly their prices were controlled. As a result, the prices of many products seriously deviated from their value, and seriously impeded the development of production. Price reform must be carried out, but price decontrol cannot be realized all at once because society cannot bear such an impact. Guangdong's price reform began from farm and sideline products. At that time, when the price of pond fish was decontrolled, the price of grass carp shot up to 8 yuan per kilogram from 2 yuan per kilogram. This caused a lot of unfavorable comment and criticism among the masses. However, with the development of production and the invigoration of circulation, the fish price gradually fell to 3 or 4 yuan per kilogram and remained at this level for a number of years till now. Although the price index as a whole rose in the last few years, the fish price remained basically unchanged. Apart from fish, the prices of poultry, meat, eggs, vegetables, fruit, and most daily-use industrial goods have been basically decontrolled, and the price parities between various goods have also become more reasonable. This provides an important condition for the in-depth development of the economic reform as a whole. The price reform has not only freed the government from a passive position of shouldering the heavy burdens of price subsidies, but has also promoted production and mitigated the contradiction between supply and demand on the markets. So the masses are basically satisfied with this reform. Facts show that in the course of reform, sometimes "labor pains" may occur. In particular, reforms related to wages, prices, and the housing policy have a direct bearing and a great impact on the immediate interests of households. We must be resolute and also very prudent when carrying out such reforms, and should clearly explain things to the masses and help them take a correct attitude toward various difficulties that may appear in the course of reform so as to achieve the expected purpose.

It seems that in the past few years, the main mental obstacle to reform was the misunderstanding of the commodity economy. The fundamental change in the

economic reform since the Third Plenary Session was the shift from a product economy to a planned commodity economy in our country. Around the development of the commodity economy, we carry out reforms in the planning, material supply, monetary and price fields. For a long time in the past, a traditional viewpoint inside and outside the party equated the commodity economy with capitalism. So, some people thought that our reform was trying to use the "remedy" of capitalism to cure "diseases" of socialism, and some people even doubted that we were practicing "capitalism" and they did not dare and were not willing to carry out reform, or even opposed reform. Without overcoming these confused and erroneous ideas, it would not be possible to carry out reform smoothly and deeply. Last year, this province held a special meeting to discuss the theory for economic reform and the issues concerning the socialist commodity economy. Through studying the party central documents, reviewing our own practice, and summing up experience, people generally came to realize the following points: 1) The commodity economy is a product of the historical development of human society, and the full development of the commodity economy is a necessary stage that socioeconomic development cannot overstep. It is not only a form that capitalism can use to develop social productive forces, but also a form that socialism can use to develop social productive forces. 2) According to the envision of the founders of Marxism, socialism can be built on the basis of a product economy rather than a commodity economy, but facts later showed if socialist society does not develop the commodity economy, the development of productive forces will be seriously impeded, and it will be hard to fully realize the superiority of socialism. Our country is now still situation in the primary stage of socialism, and our socialist construction is conducted on a less developed economic foundation, so it is more necessary for us to greatly develop the commodity economy. 3) The socialist commodity economy also includes certain blindness in its development. So when we go all out to develop the commodity economy, we should also strengthen macroeconomic management at the same time.

In the past few years, in the course of opening up to the outside world, Guangdong has also encountered many ideological obstacles. In the early period,, some comrades had misgivings. They feared the corrosive influence of capitalism and the capitalist exploitation if foreigners were invited to make investment; and they feared that they trial running of special economic zones might lead to the loss of sovereignty. Some people often doubted the correctness of the policy for opening up due to some problems which appeared in the course of carrying out this policy. Such ideas greatly obstructed the implementation of the policy of opening up more widely to the outside world, and they have been proved incorrect by the practice in the past few years. Guangdong is a province adjacent to Hong Kong and Macao, and many people in this province have relatives living overseas. It is a province that has the most overseas connections in the country. Through opening up, Guangdong can exploit this advantage. The expansion of foreign economic cooperation and exchange will speed up our socialist modernization. In the past 8 years, Guangdong has made use of billions of U.S. dollars of foreign capital, introduced some advanced technologies and management skills, and promoted the technological progress of various trades. The technical and management

level of industry in Guangdong has thus been markedly enhanced. the development in the Zhugiang delta area in the past 8 years convincingly shows whether carrying out reform and opening up can lead to completely different results. The same area, with the same masses and cadres and similar good objective conditions, could make no substantial economic development before the 3d Plenary Session of the 11th CPC Central Committee; but in the short period of 8 years after the 3d Plenary Session, the economy in this area developed rapidly, urban and rural construction forged ahead and brought about changes day after day, and this area has become an attractive rich area!

To sum up, in the course of reform and opening up, Guangdong has encountered disturbance from both "leftism" and rightism; but obstruction mainly came from the influence of "leftism." This is because in a certain sense, reform mainly change the systems formed in the past under the guidance of the "leftist" ideology has lasted for a long time and has formed a habitual force inside the party and in society,. It is not easy to correct such "leftist" things. Of course, this does not mean that disturbance from rightism can be neglected. According to Guangdong's practice, the rightist disturbance was not only reflected in smuggling, economic crimes, and various evil phenomena in society, but also found expression in the tendency to neglect the building of socialist spiritual civilization and to advocate "total Westernization" under the excuse of reform. Such things also disrupt reform and opening up, and must also be overcome. In the whole course of reform and opening up, we must always adhere to the four cardinal principles, and carry out that policy of building the two civilizations at the same time so as to ensure the smooth development of reform and opening up.

Through reviewing our experience in the past few years, we have deeper understanding of the two basic points of the party's line since the 3d Plenary Session of the 11th CPC Central Committee. We must adhere to the four cardinal principles, and at the same time enthusiastically carry out reform and open up so as to enliven the economy and further emancipate the productive forces. Without doing this, we will not be able to build socialism with Chinese characteristics, and China will not become prosperous and powerful. The two basic points of the line since the Third Plenary Session is a fundamental guarantee for the inevitable victory of our cause.

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## NANFANG RIBAO COMMENTARY ON REFORM

HK150327 Guangzhou NANFANG RIBAO in Chinese 12 Jul 87 pp 1, 3

[Commentator's Article: "To Deepen the Reform, It Is Necessary to First Deepen Our Understanding"]

[Text] The provincial party committee and the provincial people's government held a conference on deepening economic structure reform. The conference demanded that the whole province basically realize overall implementation of the contracted management responsibility system in state-owned enterprises this year. This is a very important plan. Comrade Deng Xiaoping recently pointed out that the reform and opening up to the outside world should not only be further carried out but also be further accelerated. Our province is among the few provinces which started the reform process much earlier than other parts of our country, so it is even more necessary for our province to accelerate the pace of economic structure reform.

The implementation of a variety of contracted management responsibility systems has received the support of the majority of the cadres and the broad masses in our province. However, there have also been some people who have had worries about the implementation of the contracted management responsibility system. These people fear that implementation of the contracted management responsibility system will enable enterprises to retain much more extra profits than before, which will probably have an adverse impact on the financial income of our province and even result in an expansion of consumption funds. Therefore, in order to deepen economic structure reform, we must first of all deepen our understanding of economic structure reform.

We should understand that to invigorate enterprises in an important way of developing the superiority of socialism. Although we have been building socialism for more than 30 years, we have not yet brought the superiority of socialism into full play. There are lots of reasons for this, but the most important reason is that we have failed to invigorate our enterprises. We all know that the cells of the social economy are the enterprises. Therefore, whether the society is full of vigor and vitality is, to a great extent, determined by whether the enterprises are full of vigor and vitality.

Marxism tells us: That socialism is superior to capitalism mainly because compared with capitalism, socialism provides more favorable conditions for development of the social productive forces. The fundamental task of

socialism is to develop the productive forces. The fundamental task of socialism is to develop the productive force development. So, if the enterprises are the agents in the process of productive force development. So, if the enterprises lack vitality and vigor and the capability to carry out self-development and self-transformation, then the superiority of socialism will never be brought into full play, and the development of the social productive forces will become empty talk. The main reasons why we have failed to bring the superiority of socialism into full play since the founding of the PRC, is because we have: Failed to clearly understand the position and role of socialist enterprises in socialist construction; failed to acknowledge the important position and role of socialist enterprises in the development of social productive forces; failed to provide the enterprises with the necessary conditions and environment to develop their productive forces; regarded the enterprises as accessories of the state; and have exercised excessively rigid control over the enterprises so as to have deprived the enterprises of their vitality and vigor.

The 3d Plenary Session of the 11th CPC Central Committee made new breakthroughs in our understanding of socialism. As a result, overall reforms have been carried out in the rural areas of our country, our country has made it clear that the focus of the urban reform is to invigorate the enterprises, and our country has expanded the decisionmaking power of the enterprises in 10 aspects. Since making strenuous efforts over the past few years, the majority of our province's enterprises have been given more decisionmaking power in their operations, the enterprises' external environment has been improved, and the enterprises' external environment has been improved, and the enterprises have taken a major step forward in the development of the commodity economy. However, we should be aware that because enterprises have been given more decisionmaking power in their operations does not mean that the enterprises have been imbued with vitality and vigor. When we say that an enterprises is imbued with vitality and vigor, we mean that the enterprise has had the capability of carrying out self-accumulation, self-transformation, and self-development, and is not only capable of carrying out simple reproduction but is also capable of carrying out expanded reproduction. So, we know that the source of an enterprise's vitality is in the operational results, namely the profits gained by the enterprise. Therefore, in order to invigorate the enterprises, we must readjust the profit distribution and smooth out the relations between the interests of the state and the interests of the enterprises, between the interests of the state and the interests of the localities, and between the interests of the enterprises and the interests of the individuals. The biggest advantage of implementing the contracted management responsibility system is that the contracted management responsibility system can stabilize the relations of distribution between the state and the enterprises, and enable the enterprises to gradually strengthen their capability of carrying out further investment by using their retained profits. As far as the present realistic situation of our province is concerned, we must smooth out relations in the distribution of interests between the state and the enterprises according to the principle of "contracting production quotas, guaranteeing profits to be turned over to the state, retaining more profits on the premise of gaining more profits, and assuming full responsibility for losses."

The profits retained by the enterprises are mainly the above-quota profits. In the meantime, we must do everything possible to maintain the present level of financial income for the provincial people's government, and enable the financial income of the provincial people's government to be gradually increased along with the development of production. Of course, if we do things in this way, the enterprises will only be imbued with limited vitality. However, since what we do can encourage the enterprises to tap their own potential, we will certainly be able to promote development of the productive forces.

Will implementation of the contracted management responsibility system and the practice of allowing the enterprises to retain more above-quota profits affect the provincial people's government's financial income? Our practice over the past many years tells us that "to drain the pond to get all the fish" is not a good way to increase the financial income of the provincial people's government, while "to retain water and raise fish" is a very wise policy. Over the past few years, our province has delegated more decisionmaking power to enterprises and greatly invigorated the enterprises in our province. As a result, our province's enterprises have retained more profits and financial income of our provincial people's government has increased rather than decreased. According to statistics provided by the relevant departments, during the Sixth 5-Year Plan, our province's industrial output value increased by an average 15.5 percent every year and the financial income of our provincial people's government increased by an average of 13 percent. In 1985, the industrial output value of our province increased by 25.7 percent while the financial income of our provincial people's government increased by 33 percent; in 1986, the financial income of our province reached 8.13 billion yuan, an increase of 4.41 billion yuan compared with that of 1980. From this, we can see that development of production is the only way to increase the government's financial income. This is also because the bulk of the financial income of the government comes from industrial and commercial revenues. In order to develop production, we must greatly invigorate enterprise and enable them to strengthen their capability of carrying out self-development. If we exercise an excessively rigid control over enterprises and do not let them retain any profits, we will certainly not be able to develop the superiority of socialism and nor will be able to find more sources for the government's financial income.

Some people fear that the practice of allowing enterprises to retain more profits will encourage them to recklessly distribute bonuses, which will in turn cause an expansion in consumption funds. We should understand that it is still possible for us to make efforts to guide enterprises in retaining their profits by defining the proportions of the production development funds, collective welfare funds, and individual reward funds. In the meantime, we should also understand that when enterprises have developed and their economic results have increased, the incomes of individual workers and staff members should also increase correspondingly. This situation is different from the practice of blindly distributing bonuses to an enterprises' staff and workers, because the increase in incomes for individual workers and staff members is realized on the premise of an increase in production output value

and the increase of the market commodities, and is therefore unlikely to cause inflation. Now that the responsibility system for targets to be met during a factory director (manager)'s term of office has been implemented in our province's enterprises, the enterprises have implemented the contracted management responsibility system, and all the enterprises in our province's enterprises, have implemented the contracted management responsibility system, and all the enterprises in our province are now facing a serious market challenge. This objective situation will impose great pressure on the factory directors (managers) and encourage them to develop new technologies and new products, increase the variety of their products, and expand the scale of their production. Therefore, this situation has made it impossible for factory directors (managers) of one or two enterprises distribute all of their retained profits to their staff and workers, we can still solve the problem by strengthening ideological education and operational supervision in the enterprises.

From this, we can see that only by deepening our understanding of reform will we be able to deepen economic structure reform. It is hoped that the broad masses of cadres, staff and workers in our province can clearly understand the present situation and consciously stand in the forefront of economic structure reform to further accelerate the pace of economic structure reform in our province and further promote our province's economic development.

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CSO: 4006/828

PROVINCIAL

ECONOMIC

GUIZHOU RADIO STRESSES PLANT MANAGER SYSTEM

HK110043 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 10 Jul 87

[Station Commentary: "Unswervingly Implement the Plant Manager Responsibility System"]

[Text] The Action of the Tongzi County Economics Commission in sending in a rectification group to take the place of the manager of the country wine factory has attracted the attention of the provincial and prefectural leadership. The county party committee recently decided to withdraw the work group and restore the powers of the plant manager. This shows that no force can change the great trend of reform.

The move of the Tongzi County Economics Commission in sending in a rectification group to take the place of the county wine factory manager was made after the publication of the three regulations laid down by the central authorities on further implementing the plant manager responsibility system. This cannot but be described as a very serious matter. What lessons should we draw from it?

As the legal representative of the enterprise, the manager is the core of an enterprise's operational mechanism and production activities. The manager's powers in making decisions and direction production are protected by state law, and no organization or individual is allowed to violate them. the Economic Commission is an organ in charge of the enterprises. In accordance with the intentions of the central authorities and the State Council on deepening enterprise reform and streamlining the administration and delegating powers, the enterprises are not just the possession of the administrative departments, and changes have also occurred in the scope of responsibility of the Economic Commission.

However, certain comrades have failed to study and implement these ideas, and they continue to apply old concepts and methods in dealing with new problems. They are bound to make mistakes in this way.

This year leading central comrades have repeatedly stressed holding firm to the two basic points in the line of the Third Plenary Session. the plant manager responsibility system is a specific expression of the line of the Third Plenary Session. The departments in charge of the economy must always regard party policy as their guide and provide enthusiastic and warm support

for enterprise reform and for the work of the plant managers. They must do everything possible to help the enterprises to solve specific difficulties. In particular, they must provide enthusiastic concern and support for a plant manager when he encounters setbacks. This is an attitude of unswervingly promoting the plant manager responsibility system. It is imperative not to emulate the Tongzi County Economics Commission in substituting administrative measures for party policy and doing things that damage enterprise reforms.

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CSO: 4006/828

## HEBEI GOVERNOR'S SPEECH ON ECONOMIC WORK

SK030151 Shijiazhuang HEBEI RIBAO in Chinese 19 Jun 87 pp 1, 2

[Speech of Xie Feng, deputy secretary of the Hebei Provincial Party Committee and governor of the province, given at the provincial conference of party delegates on 18 June: "Deepen Reform; Enhance Results; and Deepen the Campaign of increasing Production, Practicing Economy, Increasing Revenue, and Reducing Expenditures"]

[Excerpts] Xie Feng, deputy secretary of the provincial Party Committee and governor of the province, gave a speech at the provincial conference of party delegates on the afternoon of 18 June. After summing up the situation in the development of the province's economic work over the first 5 months of this year, he pointed out that we should firmly focus on the central link of upgrading the economy results, further eliminate ossified conservative ideas, concentrate efforts on grasping the deepening of reform; expand the opening of the province to places at home and abroad; further extensively and deeply launch the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures, and strive to ensure the comprehensive fulfillment of task of economic construction.

The trend of development of economic work over the first 5 months of this year was good due to various localities and departments throughout the province having extensively and solidly launched the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures. The province also made certain achievements in the economic construction. The industrial front has made notable progress in reform with the focus on improving the operational mechanism and has made great achievements in implementing the contract management system. Registering a sustained and steady increase in production, the industrial front improved its economic results over the first 5 months of this year. The total industrial output value realized during this period reached 15.909 billion yuan, an increase of 12.9 percent over the same period last year. The output of 64 of the 80 major comparable products of the province increased compared to the corresponding period last year. The total output value realized by local budgetary industrial enterprises reached 6.64 billion yuan, an increase of 15.99 percent over the same period last year. The agricultural production situation was fairly good. In line with the principle of "stabilizing agricultural production on a large scale, readjusting crop structure on a small scale, and ensuring grain production," various localities continued to readjust crop

structure. Thus, the province's grain growing area now reaches more than 100 million mu; cotton growing area is 12.12 million mu, (an increase of 1.51 million mu over last year); and oil-bearing crops growing area reaches 10.42 million mu. Thus, the province fulfilled guidance planning in a comparatively good manner. Total wheat output is expected to reach about 15 billion jin.

Reform in the circulation fields was firmly grasped. More than 50 percent of the small state commercial enterprises have been operating on a leasing or contract basis through reform. A part of the large and medium-sized enterprises have carried out various forms of the contract management system. The situation in fulfilling economic targets during the first 5 months of this year was better than the corresponding period last year. The total volume of retail sales of commodities reached 10.53 billion yuan, an increase of 18.6 percent. The net domestic purchasing volume of commercial enterprises run with the cooperation of the state reached 8.927 billion yuan, an increase of 17.78 percent over the same period last year; net domestic marketing volume reached 7.115 billion yuan, an increase of 25.75 percent, and profits realized by these enterprises reached 324 million yuan, an increase of 36.94 percent. The cost of commodity circulation was reduced from last year. Notable achievements have been made in foreign trade. Over the first 5 months of this year, the province earned \$599 million through exports, fulfilling the annual plan by 5.6 percent and showing an increase of 19.3 percent over the corresponding period last year.

Financial and tax departments have put in much work and have scored certain achievements. Local revenue during this period reached 2.284 billion yuan, accounting for 42 percent of the annual budget, showing an increase of 1.3 percent over the same period last year. Local revenue was fulfilled at a normal rate. Of the total revenue, 1.964 billion yuan were industrial and commercial taxes, an increase of 5.9 percent over the same period last year. Expenditure in this period was 1.466 billion yuan, accounting for 34.3 percent of the annual budget and registering a reduction of 11.6 percent from the same period last year. With comparatively many factors for price hikes, the prices of goods increased by a bigger margin, surpassing the planned targets.

Generally speaking, the situation in the development of production during the first 5 months of this year was comparatively stable, both domestic and foreign trade was fairly enlivened, and revenue was fulfilled at a normal rate. The situation in economic development was good. However, there were many problems and difficulties in economic work. The major problems were: The economic results of enterprises were not ideal; the revenue rate was rather low; expenditures that should have been reduced were used; the prices of market goods rose; and the policy of opening to outside places was not well implemented; the province failed to make rapid strides in carrying out the management system on a contract or leasing basis; and the economic front failed to deeply or thoroughly launch the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures. Thus, party and government leaders at all levels throughout the province should pay higher attention to the aforementioned problems and difficulties, and should mobilize all the people of the province to conscientiously eliminate these

problems and difficulties through deepening reform, expanding implementation of the open policy,, and deepening the campaign of increasing production, practicing economy, increasing revenue, and reducing expenditures.

After summing up the situation in economic development over the first 5 months of this year. He set forth the fighting goals of economic work in 1987. That is, based on the planned increase rate of 7 percent, the industrial front should ensure an 8-percent increase in production and strive for a 9-percent increase. Calculated in terms of a 9 percent increase target, the province should realize 38.882 billion yuan in industrial output value this year. The province should realize 22.973 billion yuan in industrial output value over the latter 7 months of this year and should realize 3. 282 billion yuan each month. Since this is a fighting goal, the province will not assign specific targets for industrial output. All localities should arrange their production tasks according to their realities. Industrial production increase, no matter how high it is, should be based on good economic results.

The province should strive to harvest 40.5 billion jin of grain. Wheat output is expected to reach about 15 billion jin. The province should strive to harvest more than 25 billion jin of autumn grain, an increase of about 3 billion jin over least year.

This year's revenue must reach 5.44 billion yuan, an increase of 6.4 percent. Since revenue during the first 5 months of this year was 2.284 billion yuan that in the last 7 months of this year must reach 2.159 billion yuan. The province plans to surpass the revenue of this year by 200 million yuan to ensure balance between revenue and expenditures and to better arrange the revenue and expenditure plan for next year.

What we have mentioned is the general plan of this year and must not be shaken. The general tasks are arduous. It will be difficult for us to accomplish these tasks if we do not make efforts. However, they are not unattainable tasks. As long as leaders pay attention to and firmly grasp the work of making the most of the province's favorable conditions, it is completely possible to comprehensively fulfill or overfulfill the tasks of this year.

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CSO: 4006/828

## HEILONGJIANG GOVERNOR ON LATTER-HALF ECONOMIC WORK

SK110807 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 10 Jul 87

[Text] Provincial Governor Hou Jie recently held a forum with the provincial-level departments concerned to study the economic situation in the first half of this year and economic work for the latter half. During the forum, Governor Hou Jie delivered a speech in which he put forward several major tasks for successfully grasping the economic work throughout the province.

In his speech Hou Jie pointed out: The province has generally created a good trend in which the economy has achieved sustained, stable, and healthy development in the first half thanks to earnest implementation of the spirit of the national conference of governors, the deep-going transformation of economic systems, and the province-wide campaign of increasing production and practicing economy as well as of increasing incomes and curtailing expenses. However, there are still some problems that should not be neglected, primarily that the economic results of industrial enterprises have not achieved and obvious turn for the better, that the growth of various agricultural crops has not been good enough, that market supply has been too one-sided, that the index of retail sale prices has gone up, and that the financial revenue is facing more decreasing revenues and increasing expenses. A good job should be done in grasping the following three major tasks in economic work during the latter half of the year:

1. Efforts should be made to take the task of implementing or improving the business responsibility systems as a work emphasis in deepening the drive to conduct reforms in economic systems. In the first half, large and middle-sized enterprises throughout the province generally enforced the responsibility system. The 61 provincially run large and middle-sized industrial enterprises adopted various forms of responsibility systems. In the latter half, efforts should be made to continuously implement the spirit of the report meeting sponsored by the provincial People's Government on enforcing the responsibility system and to further do a good job in implementing or improving the responsibility systems and conducting coordinative measures for the systems.
2. Efforts should be made to take the task of increasing economic results as the focus in successfully organizing various economic work and to have the campaign to increase production and practice economy as well as to increase incomes and curtail expenses run through various economic work in order to

enable the campaign to truly exert effect and to ensure the fulfillment of the province's economic plan. We should adopt every way and means to reap an overall bumper harvest of agriculture and animal husbandry, to successfully organize industrial production in a down-to-earth manner, to accelerate the pace of building key projects, to further enliven commodity circulation, to strictly control commodity prices, and to vigorously fulfill the tasks of increasing incomes and curtailing expenses.

3. Efforts should be made to improve the work style of organs, to overcome bureaucracy, and to successfully grasp the implementation of various work. In the latter half, our major task should be to improve the work style of government organs at all levels and overcome bureaucracy. Leading party groups at all levels of government and party committees or leading party groups of various departments, as well as leading personnel in charge of administrative work, should set examples in the work and take the lead in successfully grasping the work so as to promote the implementation of various work throughout the province. If we do not deal well with the problems concerning bureaucracy, we will be unable to make new progress in the work of various fields.

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CSO: 4006/828

## RADIO REVIEWS HENAN'S ECONOMIC REFORM

HK150733 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 13 Jul 87

[Text] Dear listeners, like other provinces of the country, our province has made noted achievements in economic structure reform during the past 8 years since the 3d Plenary Session of the 11th CPC Central Committee. To deepen the reform, it is necessary for us to look back on the reform process of historical significance and have a clear understanding of the successes achieved in the reform. For this purpose, the Editorial Board of our news center interviewed leaders of the provincial Economic Structural Reform Commission to discuss the main situation and achievements made during the past 8 years since our province started restructuring the economy.

Compared with 8 years ago, great changes have taken place in our province's economic structure. First of all, a new pattern of planned commodity economy has taken shape in the rural areas. On the premise of not changing the public ownership of the major means of production including land, varied forms of the system of contracting responsibilities on a household basis, with payment linked to output, have been applied on 99 percent of cultivated land and a large area of water surfaces and forests. At the same time, with the production structure readjusted in the countryside, township and town enterprises have developed rapidly. In 1986 our province had 1.5 million township and town enterprises, 235,000 specialized households of various types, and 46,000 economic associations. The single-product agro-economic structure in the provincial rural areas is being developed in a comprehensive way and is moving toward specialization, large-scale commodity production, and modernization. In the past 8 years our province's grain output exceeded 25 million tons for 4 years in succession. As a result, our province has become more than self-sufficient in grain. In addition, cotton output increased by 101 percent, tobacco by 60.9 percent and oil-bearing crops by 168.5 percent. Meanwhile, the individual economy, the cooperative economy, the joint-stock economy and other diversified forms of ownership structure, which act as legal persons with certain rights and duties, have started shaping up.

Second, the vitality of enterprise is increasing and the reform of enterprise management and operation is developing in depth. Over the past few years, the system whereby enterprises retain after-tax-profits for their own use has been introduced, and the first and second steps of replacing the profit delivery with tax payments have been taken in our province. Moreover, efforts have been made to grant more decisionmaking power to enterprises, adopt the system

of the director assuming full responsibility, straighten out administrative companies, develop lateral economic cooperation, and reform the labor system and the system of enterprise operation and management. In our province, more than 1,100 state-owned industrial enterprises have signed and are prepared to sign, contracts on various forms of the system of contracting responsibilities for operation, thus greatly improving the internal and external conditions of enterprises. Our province has set up more than 10 relatively large enterprise groups such as the Anyang Bicycle Corporation, as well as a large number of lateral economic associations which are based on production of high-quality products and readily marketable commodities. All this has spurred the industrial development of our province. In 1986, the province's industrial output value amounted to 47.83 billion yuan, representing a rise of 133.8 percent over 1978 and registering an average annual rate of 11.2 percent.

Third, obvious progress has been achieved in the financial structure reform and a short-term money market is being built upon. The situation whereby state banks control the whole province's financial sectors has been changed. So far the province has set up 12 trust investment companies as well as 6,600 credit cooperatives in the rural areas, and 171 credit cooperatives in urban areas. A financial structure relying mainly on state-run banking institutions and taking non-governmental monetary establishments as subsidiaries is being founded, thus causing a quick turnover and a proper use of funds.

Fourth, with budgetary structure reform, funds for economic construction have started to depend mainly on financial credit and not on financial allocations. Compared with 1980, the proportion of funds allocated from the state treasury to investment in the province's capital construction and technological transformation in 1986, decreased by 50 percent. Meanwhile, the investment made by the state in technological transformation in 1986 accounted for 4.4 percent of the province's total. This shows that the situation in which funds for economic construction all come from free budgetary allocations has been greatly changed. In 1986 state revenue rose by 62 percent over 1978. National income during the past 8 years totalled 25.783 billion yuan, an increase of 250 percent over the 26 years between 1953 and 1978.

Fifth, the irrational price system has been initially reformed. The measures taken to raise the purchasing prices of farm and sideline products, and to adopt the negotiated price system, have raised the prices of farm products which were fairly low for a long time, and changed the irrational price parities between industrial and agricultural products. Viewed from the reform of the price system as a whole, our province has generally maintained the basic stability of commodity prices. Except for 1983, over the past few years the province's fluctuating commodity retail price index rate was lower than the national rate.

Meanwhile, the scope of mandatory planning has been reduced, the method of market mechanism has been adopted, the system of putting counties under the leadership of the cities has played an obvious role in the urban integration, and new headway has been made in changing the functions of government

departments. In view of all these, our province's economic structure reform has greatly developed.

Reform has benefitted the masses of the people by markedly improving their living standards. Peasants' per capital income in 1986 rose by 333 yuan from 161 yuan, representing an increase of 107 percent over 1980 and registering an average annual increase of 12.9 percent. The per capita income of workers and other employees increased from 730 yuan to 1,159 yuan, a rise of 58.7 percent. The increase in these respects was much higher than price hikes in those years. The total savings deposits of urban and rural residents in 1986 came to 11.5 billion yuan, 5 times as much as in 1978, while their consumption level was significantly raised.

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CSO: 4006/828

## HENAN CONGRESS CONSIDERS PROBLEMS IN ECONOMY

HK1510811 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 14 Jul 87

[Text] Over the past few days, the 29th session of the 6th provincial People's Congress Standing Committee entered panel discussions on three reports made by comrades responsible for the provincial Planning and Economic Commission, provincial Financial Department, and provincial People's Bank, including the report on implementation of the plan for the province's economic and social development in the first half of the year.

During the discussions, members said: The province's general economic situation in the first half of the year was good and the major current problems in the province's economy were low economic results, poor product quality, and drastic price hikes.

Referring to agriculture, many members pointed out: The policy of establishing contact with three sides in placing orders for grain should be implemented, and all units and individuals who wantonly retain chemical fertilizer and diesel oil should be dealt with sternly.

Discussing flood prevention, members maintained that the work of clearing away blocks in the main point in flood control in Henan. While paying adequate attention to flood control over the Huang He, focus must be placed on the work of clearing away blocks in the Sha He, a tributary of the Hui He.

Discussing reform of the price system, members reacted strongly to the issue, pointing out that there were drastic price hikes in farm and sideline products, especially vegetables, eggs, and meats in the first half of the year, and the masses have many complaints about the issue. Therefore, reform of the price system should be very prudent and should be carried out in a planned way and step by step. Effective supervision and control over market prices should be exercised and any attempts to unscrupulously jack up prices should be defeated. Measures must be taken to deal sternly with those who rig the market.

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CSO: 4006/828

## HUBEI ISSUES DEMANDS ON ECONOMIC REFORM

HK010621 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 30 Jun 87

[Text] The provincial People's Government recently issued a number of suggestions regarding the economic structural reform. Calling on areas and units throughout the province to further deepen reform and promote sustained and steady development of the national economy.

After affirming our province's achievements in various fields scored during the past year's promotion of reform, the suggestions regarding the economic structural reform noted: On the premise of upholding the four cardinal principles, the current work for promoting the economic structural reform must center on reinvigorating our enterprises, put the stress on popularizing the contracted management responsibility system, perfect the enterprises management mechanism, extensively and deeply carry out the drive to increase production and practice economy and increase revenue and reduce expenditure, firmly promote reform in various fields, quicken the pace of having new structures replace old ones, and promote sustained and steady development of our national economy.

The suggestions regarding the economic structural reform put forward the following 10 demands:

First, it is imperative to further implement all the policies and measures aimed at promoting reform.

Second, it is imperative to actively popularize multi-form economic responsibility system;

Third, it is imperative to strengthen reform of the enterprise leadership systems;

Fourth, it is imperative to improve distribution systems within enterprises;

Fifth, it is imperative to implement supplementary policies to create the conditions that are advantageous to the development of enterprises;

Sixth, it is imperative to actively promote reform of the banking system;

Seventh, it is imperative to actively and safely establish and develop production materials markets;

Eighth, it is imperative to promote pilot projects for organizational reform;

Ninth, it is imperative to successfully grasp the pilot projects conducted in nine counties and cities for carrying out comprehensive reforms, and all such pilot projects must be conducted with auxiliary projects.

Tenth, it is imperative to conscientiously strengthen leadership over reforms.

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CSO: 4006/828

PROVINCIAL

ECONOMIC

HUBEI GOVERNOR ON ECONOMIC DEVELOPMENT, OUTPUT

HK170951 Wuhan Hubei Provincial Service in Mandarin 0900 GMT 16 Jul 87

[Excerpts] In his speech yesterday at the sixth enlarged plenary meeting of the provincial people's government, provincial Governor Guo Zhenqian noted: At present, with the emergence of a good momentum of economic development in our province, areas throughout the province must continue to implement the general policy on reform, opening up, and reinvigoration, deepen the "double increase and double economy" campaign and enterprise reform, rouse their enthusiasm and [words indistinct] once again, and strive to fulfill or overfulfill the national economic plan for this year.

Guo Zhenqian said: It is estimated that the province's total summer grain output this year will reach 4,800,008,000 kg [as heard], an increase of 5.3 percent as compared with last year, thus topping the highest level in history. It is also estimated that the province's total rapeseed output this year will reach 9.33 million dan, equivalent to the level of last year's bumper harvest. It is estimated that during the first half of this year, the number of pigs slaughtered totaled 6.38 million, an increase of 150,000 as compared with the same period last year.

Guo Zhenqian said: The whole province's total industrial output value during the first half of this year reached 25,267 million yuan, an increase of 15.1 percent as compared with the same period last year.

Guo Zhenqian said: This year's acreage under cotton in our province shows an increase as compared with last year. It is imperative to devote a lot of time and energy to cotton field management during the intermediate and later stages. In addition to focusing on the promotion of per-unit-area cotton yield, it is imperative to strive to bring about a total cotton output of 9 million dan.

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CSO: 4006/828

## HEILONGJIANG: REPORT ON SEMIANNUAL ECONOMIC DEVELOPMENT

SK220510 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 21 Jul 87

[Text] On the morning of 21 July, (He Quanbin), deputy director of the provincial Statistical Bureau, gave a report to press circles on our province's semiannual development of the national economy. He said: In the first half of this year, our province continued to maintain a good trend of development of the national economy. Manifestations of this were a stable growth in industrial production, increased input in agriculture, rapid construction of key projects, brisk purchases and sales in markets, increased exports, an outstripping of revenue over expenditure, and a thriving monetary market.

Comrade (He Quanbin) also reported on the problems in our province's economic development. For example, the general social demand is still greater than the general supply; enterprises have not notably improved their economic results; agricultural cultivation techniques have not been successfully put into practice; and price hikes have been aggravated. In the first half of this year the industrial front of our province continuously deepened reform and readjusted the product mix, thus creating a good situation of balanced, stable, and coordinated development in industrial production. The industrial output value of the province was 11.9 percent greater than in the corresponding period last year, reaching 20.33 billion yuan. Both light and heavy industries and state-owned and collective enterprises achieved similar two-digit growth rates.

Agricultural production in the first half of this year was characterized by increased material input, large fields sown to high-yield grain crops, and popularization of new techniques in large areas. The material input in that period was an all-time high. The province's areas sown to grain, soybeans, and tubers exceeded 110 million mu for the first time. The province's animal husbandry production also began to take a turn for the better. A fairly rapid growth rate was maintained in the breeding of cows, a decline in the number of hogs was changed, and sheep production began to pick up after a decline for 4 years in succession.

Foreign economic relations and trade were expanded continuously. From January to June, the province's exports totaled \$470 million, 43.3-percent greater than in the corresponding period last year. The volume of the border trade

with the Soviet Union also increased by 1.74 Times. The province's annual local revenue target was fulfilled by 50 percent by the end of June, showing a 7.5-percent increase over the corresponding period last year. Bank's cash receipts were larger than payments, and 52.9 percent more currency was withdrawn from circulation compared with the same period last year.

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CSO: 4006/828

## HUNAN LEADER ADDRESSES REPORT MEETING ON REFORM

HK171458 Changsha Hunan Provincial Service in Mandarin 1000 GMT 15 Jul 87

[Excerpts] The Propaganda Department of the provincial Party Committee yesterday invited responsible comrades from the provincial Commission for Restructuring the Economic System, the provincial Economic Commission, and the provincial Department of Commerce to deliver reports on the situation of reform at a meeting of the provincial capital's propagandists, journalists, and theorists as well as literary and art workers for the purpose of jointly discussing ways to further promote the media and propaganda work concerning reform.

Liu Zheng, deputy secretary of the provincial Party Committee, attended and addressed the report meeting.

Briefing the meeting's participants on the situation of the economic structural reform in our province were (Yu Zhaoyong), vice chairman of the provincial Commission for Restructuring the Economic System; (Lai Wengli), vice chairman of the provincial Economic Commission; and (Cao Wenbin) director of the provincial Department of Commerce.

In their speeches, Comrade (Yu Zhaoyong) and the other two comrades noted: In addition to the effects of bourgeois liberation constituting one of the causes that hinder the current in-depth development of reform, the major cause is primarily the obstruction and influence created by a rigid, ossified way of thinking.

In his speech, Comrade Liu Zheng expressed the hope that comrades on the propaganda and theoretical fronts will conscientiously study Comrade Zhao Ziyang's speech at a 13 May meeting of propaganda and theoretical cadres as well as cadres from press circles and party schools, persist in combining theory with practice, pay attention to the two basic points that complement each other, get rid of the effects of bourgeois liberalization as well as the influence of a rigid, ossified way of thinking, and adhere to the work method of getting the opinions of the masses and referring them back to the masses.

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CSO: 4006/828

## NEI MONGGOL REPORTS FINANCIAL DEVELOPMENT

SK050445 Hohhot Nei Monggol Regional Service in Mandarin 2200 GMT 4 Jul 87

[Text] With the guidance of the party's policy on regional national autonomy, the region's revenue has increased continuously over the past 40 years following economic development. Last year, the region's revenue increased to 1.6 billion yuan from 90,000 yuan in 1947, averaging an annual increase of 21.1 percent. The 4-decade financial development of our region has been a process of continuous strengthening and improvement from small and weak to large and strong. In particular since the 3d Plenary Session of the 11th Party Central Committee, inspired by the policy of reform, opening up and economic invigoration, our region has rapidly restored and developed its industrial, agricultural, and animal husbandry production, and a good trend of sustained, stable, and large-scale increase has also emerged in financial revenue, thus putting on end to protracted stagnation. The region's revenue was 520 million yuan in 1982, it increased to 700 million yuan in 1983, and to 1.135 billion yuan in 1985. During the Sixth 5-Year Plan period, accumulated revenue of the region reached 3.61 billion yuan, averaging an annual increase of 22.4 percent, and prefulfilling by 2 years the target for this period. Thanks to central financial subsidies, the region achieved a balance between revenue and expenditures every years, with a small surplus. In 1986, the 1st year of the Seventh 5-Year Plan period, the region's revenue once again increased to 1.6 billion yuan, an increase of 11.4 percent over the previous year in terms of comparable standards.

With the growth of revenue, and the increase of central financial subsidies, our region's expenditures have also increased substantially. The accumulated expenditures of the region over the 32 years from 1947 to 1978 totalled 19.6 billion yuan, but expenditures during the 7 years from 1979 to 1986 reached 20.77 billion yuan, showing an increase of more than 1.1 billion yuan. This was an unprecedented situation in the region's financial history. While the expenditure increases, its structure has become more rational step by step, thus ensuring needs in industrial, agricultural, and animal husbandry production, and development in other undertakings.

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CSO: 4006/828

PROVINCIAL

ECONOMIC

'ROUNDUP' ON DEVELOPMENT POTENTIAL IN NEI MONGGOL

OW051108 Beijing XINHUA in English 1032 GMT 5 Jul 87

["Roundup: Inner Mongolia Has Enormous Potential for Development"--XINHUA headline]

[Text] Hohhot, 5 Jul (XINHUA correspondents Mao Chunli and Li Xin)--Inner Mongolia Autonomous Region is in the midst of an ambitious plan to double the combined value of its industrial and agricultural output during the 1980-90 period.

That's an estimated annual growth rate of 7.3 percent during that period to reach 22.5 billion yuan (about 6 billion U.S. dollars) in 1990.

Local officials said they are optimistic the goal can be reached because Inner Mongolia, covering 1.8 million square kilometers, is rich in natural resources.

-- Since the founding of the autonomous region 40 years ago, 100 minerals and 4,000 mineral-bearing sites have been discovered; 216.97 billion tons of coal have been verified, a quarter of China's total and next only to neighboring Shanxi Province;

-- The verified reserves of rare-earth in Bayan Obo alone makes up 80 percent of the world's total;

-- The region's verified iron ore reserves amount to 1.7 billion tons;

-- With 30 gold deposits of commercial value, Inner Mongolia is now a major gold producer in China;

-- The region's salt reserves are estimated at 138 million tons; and the reserves of soda at Erdaojing total 11 million tons, ranking second in China;

-- Otog Banner (County) in central Inner Mongolia alone has 3 billion tons of gypsum reserves, more than any other place in China.

By the end of 1986, local officials said, the state had spent 4 billion yuan (about 1.08 billion U.S. dollars) building 87 coal shafts each with an annual

capacity of at least 30,000 tons. Inner Mongolia mined 35 million tons of coal last year--97 times the 1946 figure and ranking ninth in China.

Four of China's five largest open-cast coal mines are in Inner Mongolia, they said. Yiminhe in eastern Inner Mongolia has 5.05 billion tons of verified coal reserves. Some 10 million tons a year will be mined in 1990, up from the present annual output of 6 million tons.

Huolinhe, also in eastern Inner Mongolia, has 13.15 billion tons of verified coal reserves and will increase its annual production capacity from 3 million tons to 37 million tons by 1990.

Moreover, preparations are now underway for developing Yuanbaoshan (with verified coal reserves amounting to 511 million tons) in eastern Inner Mongolia and Jungar (with coal reserves verified at 20.6 billion tons) in western Inner Mongolia.

Inner Mongolia will be able to produce 63.3 million tons of coal a year by 1990 and more than 100 million tons a year by the year 2000, next only to Shanxi Province.

The region has 86 million hectares of grasslands, placing it first in China's five pastoral areas.

It is China's top producers of camel hair and semi-fine wool, and produces half of China's annual goat hair, which is used to make high-grade cashmere. It ranks first in the country in the number of horses, camels, and goats. It is the country's second largest producers of fine wool, milk, beef, and mutton.

Furthermore, Inner Mongolia has 16 million hectares of woods, officials said, adding that virgin forests in the Da Hinggan Ling mountains alone cover 10.65 million hectares and have timber reserves totalling 650 million cubic meters.

Officials admitted that the lack of funds, technology, and personnel has made it impossible for Inner Mongolia to tap its rich natural resources. For instance, though timber is in short supply nationwide, some 750,000 cubic meters of trees in the region's virgin forests have become overmature.

Tian Anmin, a senior official of the regional economic commission, said, "We hope firms throughout China and the world will turn their attention to Inner Mongolia, a treasure land yet to be developed. They are most welcome to invest in our region."

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CSO: 4020/246

## QINGHAI LEADER ADDRESSES ECONOMIC WORK MEETING

HK010338 Xining Qinghai Provincial Service in Mandarin 0430 GMT 30 Jun 87

[Excerpts] The provincial people's government yesterday afternoon held a mobilization meeting to summarize the province's economic work. The meeting summarized the province's economic work carried out during the first half of this year, arranged major tasks to be carried out during the second half of this year, and mobilized the vast numbers of cadres, staff members, and workers to work hard for deepening reform, promoting the "double increase and double economy" campaign, and for comprehensively fulfilling this year's economic plan.

Ga Bulong, vice governor of provincial government, presided over the meeting. Wu Chengzhi, vice governor of the provincial government, delivered a mobilization speech at the meeting.

Vice Governor Wu Chengzhi said: It is estimated that our province's industrial output value during the first half of this year will reach 1.14 billion yuan, and that our province will fulfill half of the annual production plan by the end of the first half of this year.

Vice Governor Wu Chengzhi said: According to statistics, our province's sown area this year increased by over 90,000 mu as compared with last year, and our province's special funds for developing agriculture and animal husbandry this year totaled more than 50 million yuan.

Song Ruixiang, governor of the provincial people's government, also addressed that meeting. Attending yesterday's meeting were leading comrades from the provincial party and government organizations, responsible comrades from various provincial government departments and Xining City, cadres at and above the level of deputy section chiefs from the provincial and Xining City economic departments, as well as responsible comrades from our large and medium-sized enterprises. A total of more than 1,000 people attended the meeting.

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CSO: 4006/828

## GOVERNOR SAYS QINGHAI TO STEP UP REFORMS

OW160822 Beijing XINHUA in English 0813 GMT 16 Jul 87

[Text] Beijing, 16 Jul (XINHUA)--Northwest China's vast and underdeveloped Qinghai Province will step up reforms in line with local conditions, Governor Song Ruixiang has said.

This resources-rich province--area 720,000 sq km and population 4 million--has been designated to receive top priority in national economic development at the turn of this century along with other parts of the northwest.

According to Song, Qinghai's problems include a weak economic foundation, difficult access to information, long distances of transport and shortages of funds and trained personnel.

Speaking on the reforms, Song admitted that compared to coastal areas, the provincial authorities have neither displayed adequate creativeness.

The provincial committee of the Chinese Communist Party and the provincial government have just put forward a new strategy for Qinghai's development, which includes pursuing reforms and the open policy, helping local people achieve prosperity and develop natural resources to pave the way for the shift of China's economic development.

Referring to specific measures to step up economic reforms, he said that Qinghai will rely on the provincial capital of Xining, which has a full range of modern industries such as metallurgy, machine-building, woollen textiles, and chemicals.

"Meanwhile, we're going to make the best use of Qinghai's resources," he said, adding that the provincial government will try to promote production in the pastoral areas and build new cities in the Qaidam basin to stimulate a commodity economy in the west.

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CSO: 4020/246

## SHANDONG: ACTING GOVERNOR ON REFORM, PRODUCTION PRINCIPLES

SK110749 Jinan Shandong Provincial Service in Mandarin 2200 GMT 10 Jul 87

[Excerpts] Jiang Chunyun, deputy secretary of the provincial Party Committee and acting governor of the province, delivered a speech at the forum on the campaign to increase production and practice economy and to increase incomes and curtail expenses, which concluded on 10 July.

In his speech he stressed: Current economic work is being done in order to continuously and firmly deepen the drive to conduct reforms among enterprises and to launch the campaign to increase production and practice economy as well as to increase incomes and curtail expenses. Efforts should be made to accelerate the pace of conducting reforms, opening to the outside world, and enlivening the economy; to emancipate the mind; and to widen the field of vision in an effort to achieve faster development in economic construction throughout the province and to stand in the forefront of the country in this regard.

The forum on the campaign to increase production and practice economy as well as to increase incomes and curtail expenses was held in Jinan from 8 to 10 July.

In his speech Jiang Chunyun, by bearing in mind the actual situation in the province, put forward his guiding opinions in the fields of strengthening and improving the foundation of agriculture, developing town-run enterprises; enhancing technical renovations; upgrading managerial standards; enhancing the construction of undertakings in energy resources, communications, and water supply; and strengthening the transformation from the domestic-oriented economy to the export-oriented economy.

During the forum, the participants made arrangements for the issue of how to deepen the campaign to increase production and practice economy as well as to increasing incomes and curtail expenses throughout the province. Ma Zhongchen, vice governor of the province, also delivered a speech in which he put forward concrete demands on the issue of how to do a good job in grasping the work of production and commodity circulation in the last half of this year.

The forum pointed out: The key to successful industrial production in the last half of this year lies in deepening the drive to conduct reforms among enterprises. Localities should put the emphasis of the transformation drive

on tapping the inner potential of enterprises and on developing productive forces in an overall way. By proceeding from the reality, efforts should be made to actively enforce various business responsibility systems; to accelerate the pace of establishing lateral economic associations; and, by taking the production of fine-quality and famous trade-mark products as main tasks, to develop enterprise groups and associations to enable some products to become superior in competition as soon as possible. A good job should be done in establishing economic association among the five key cities and associations between these key cities and prefectures and other cities, particularly by establishing economic associations among areas in middle and eastern Shandong. Efforts should be made to further enliven markets in order to promote commodity circulation. By taking advantage of currency withdrawal and brisk sales of commodities in the last half of this year, efforts should be made to actively expand markets in foreign countries, rural areas, key cities, and remote areas in order to raise the sale rate of our province's products and markets. We should also continuously enliven the material sources, banking, and technology markets. A good job should be done in making arrangements for 3d quarter production and for increasing as much as possible the output of products that deserve to be increased in order to make up the losses with the bumper output in this regard and to vigorously fulfill the annual production plan.

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CSO: 4006/828

## SHANXI OFFICIAL REPORTS ON ECONOMIC PROGRESS

HK110808 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 9 Jul 87

[Excerpts] The 25th meeting of the 6th Provincial People's Congress Standing Committee opened in Taiyuan on 9 July. Huo Fan, vice chairman of the committee, presided at the meeting and gave an explanation of its agenda.

Vice Governor Yan Wuhong delivered a report on the situation in launching the double increase and double economy drive on the industry and communications front in the first half of the year.

The province's total industrial output value during the period, including that of village industry, was 13.38 billion yuan, an increase of 15.8 percent compared with the same period last year. The province fulfilled half its task in half the year. Financial revenue during the same period was 1.58 billion yuan, an increase of 18.6 percent over the same period last year.

Yan Wuhong called on the province to work hard in the following respects in the second half of the year: 1) Closely integrate the double increase and double economy drive with deepening the reforms, and invigorate the enterprises. 2) Closely integrate this drive with strengthening enterprise management, and work hard to improve product quality and cut input consumption. 3) Closely integrate the drive with promoting technological transformation, to boost the enterprises' reserve strength.

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CSO: 4006/828

## SICHUAN REPORTS CONTINUING ENTERPRISE DEFICIT PROBLEMS

HK010155 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 30 Jun 87

[Text] The provincial Planning and Economics Commission recently issued a notice on the performance of local state-owned industrial enterprises in reducing deficits from January to May this year. The notice pointed out that since the provincial conference on reducing deficits in March, the localities and departments have taken action, and the number of enterprises running at a loss has shown a marked drop. However, there has been no corresponding decline in the total losses.

To fulfill this year's task of reducing losses by 30 percent, the notice proposed the following specific demands for the next stage of reducing losses:

1. All loss-making enterprises must institute leased or contracted management. These enterprises must tap potentials in economizing expenditure and cutting input consumption. Targets for this must be firmed up for each section and worker.
2. Seriously implement measures for reducing deficits, that is, do a good job in readjusting the product mix and opening up new production opportunities. Enterprises whose losses are the result of serious stockpiles of finished goods or lack of product variety must limit their output, or suspend production for consolidation, or follow the party of concentrating on trade while going in for diversification and comprehensive use, so as to improve economic results as quickly as possible.

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CSO: 4006/828

## SICHUAN GOVERNOR ON CONTRACT RESPONSIBILITY SYSTEM

OW041646 Beijing XINHUA in English 1417 GMT 4 Jul 87

[Text] Chengdu, 4 Jul (XINHUA)--The contract responsibility system has made directors feel the risks and work harder which has in turn bailed many enterprises out of bankruptcy, said Jiang Mingkuan, governor of Sichuan Province.

Under the system, "I have more decision-making power but also greater risks and I work under pressure to meet production, quality, profit, and benefit targets," said Tan Yiwen, director of Sichuan Deyang Dongfeng electrical machinery factory.

The new contract he signed this year "has tapped the enormous potential of my employees," the 48-year-old Tan said, adding "the output value of the factory increased 32 percent while profits jumped 16 percent in the first 4 months of this year, compared with the same period of last year."

But in the past, he said, what his factory did was to meet production quotas the state required, without having to worry about profits or losses and he didn't have complete control over personnel matters.

"But now, if I fail to reach the targets I bear economic and even legal responsibilities for my factory," the director said.

Like Tan, most factory directors thought they were facing a big risk which they had never met. However, the governor said "only those who dared to rise to the challenge are competent entrepreneurs."

"The contract responsibility system is a sure way to benefit both the state and enterprises," said Li Chengwei, director of Leshan Daduhe iron and steel works.

So far the contract responsibility system has been instituted in 75 percent of 587 major state-owned enterprises in cities such as Chongqing, Chengdu, Zigong, and Leshan of the province.

One of the success stories took place in a Guanghan County farm chemicals factory. The factory had a deficit of 1 million yuan in 1986. But it made a

profit of 290,000 yuan in the first 5 months of this year since the new system was introduced last January.

Another example is the Dukou Panzhihua iron and steel works, which has a staff of more than 50,000, the largest in the southwest China. The industrial output value of the works hit 870 million yuan in 1986, an increase of 4.1 percent over the 1985 figure. Profits came to 215 million yuan, up 10.4 percent over 1985.

Wu dapeng, a provincial economic official, said the contract system is aimed at further breaking the "iron rice bowl" practice and combining the interests of the state, enterprises, and employees and enabling enterprises to become more dependent economic entities.

The new system has helped motivate employees. Xu Jingeng, a young worker of Deyang Dongfeng electrical machinery factory, has thrown himself into his job after the new method of floating wages and bonuses was introduced in the factory.

He earned a bonus of 263 yuan last month, ranking first in his workshop and more than double the average wage. He said, "This is the first time I've made such big money in 10 years on the job."

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CSO: 4020/246

## SICHUAN HOLDS CONFERENCE ON REVENUE, EXPENDITURE

HK070345 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 5 Jul 87

[Text] According to SICHUAN RIBAO, in their speeches at a provincial telephone conference on the work of increasing revenue and reducing expenditure held on 4 July by the provincial government, Jiang Minkuan and Gu Jinchi, governor and vice governor of the provincial government, noted: The work of increasing revenue and reducing expenditure must be integrated with the work of promoting reform and opposing bureaucratism. Leaders at all levels must conscientiously change their work style, overcome the dependent mentality, and promote the "double increase and double economy" campaign in a down-to-earth manner.

This telephone conference emphatically pointed out the harm done by bureaucratism and violations of the law and discipline to the promotion of reform as well as to the promotion of the "double increase and double economy" campaign.

The conference noted: During the first 5 months of this year, our province has achieved steady economic development, thus having a good general situation. However, there are still quite a few problems in our work of increasing revenue and reducing expenditure. For this reason, the conference stressed: It is imperative to treat the work of opposing bureaucratism as an important item on the agenda. Leaders at all levels must conscientiously straighten out their thinking and understand the great importance of successfully promoting the "double increase and double economy" campaign.

How are we to promote the work of increasing revenue and reducing expenditure during the second half of this year in our province? The conference noted: First, we must strengthen leadership over the work of increasing revenue and reducing expenditure. Those who have primary responsibility at all levels must personally grasp this work. Every person holding primary responsibility must be clear about his own merits and demerits in the promotion of the work of increasing revenue and reducing expenditure. Second, we must make great efforts to further improve the economic results of enterprises. Third, we must promote the comprehensive management of tax revenue in a down-to-earth manner. Fourth, we must continue to strictly control expenditure, cut down those expenses that are unnecessary or which are unaffordable, and avoid spending the money that can be saved.

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CSO: 4006/828

## YUNNAN LEADER ON INFLUENCE OF CAPITALIST IDEOLOGY

HK231431 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 22 Jun 87

[Excerpts] The investigation on the case of Kunming Huaxin Company importing China-made old equipment at high prices has now been basically completed. This case once caused a sensation throughout the country, deeply attracted people's attention, and aroused very strong righteous indignation among the vast numbers of people. Due to their dereliction of duty, (Su Wenjiang) and (Deng Zhongming), offenders in this criminal case, have been arrested by the relevant political and legal department according to law. The provincial party committee and provincial government yesterday held a report meeting Kunming to brief provincial and city leaders as well as responsible persons from all provincial departments, committees, offices, and bureaus and from colleges and universities on the circumstances of the case.

In his speech at the report meeting, He Zhiqiang, deputy secretary of the Yunnan Provincial CPC Committee and governor of the provincial government, said: Through this typical case of Huaxin Company, we should basically bear firmly in mind three lessons. First, while implementing the policy on reform and opening up, we must conscientiously and resolutely struggle against the corrosive influence of capitalist ideology. Second, we must continue to promote the building of party style and truly consolidate our achievements in party rectification. Third, we must establish and perfect different types of rules and regulations, stop up loopholes in our management work, act strictly in accordance with regulations, and investigate and affix the responsibility for every violation of regulations.

Comrade He Zhiqiang added: It is true that a very small number of party members and cadres and very few leading cadres among our contingents of party members and cadres are yearning for and admiring and are even seeking the decadent, luxurious, and dissipative life style of capitalist society. This is really very dangerous. The case of (Su Wenjiang) and (Deng Zhongming) has enabled us to further understand that under the new historical conditions, conducting education for our party members and cadres in (?resisting the corrosive bourgeois influence) is still a major task set for the party building as well as for the building of our socialist spiritual civilization.

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CSO: 4006/828

## BRIEFS

HEILONGJIANG ECONOMIC DEVELOPMENT--Over the past few years, Heilongjiang Province has actively developed the collective sector of the economy and appropriately developed the individual sector of economy, on the premise of taking the state sector of the economy as the dominant factor. By the end of 1986, there were 119,000 collectively owned enterprises and 291,000 private business households. Of 1986's total industrial output value, the proportion of the state sector of economy was 81 percent; that of the collective sector, 18.3 percent; that of the individual sector of economy, 0.6 percent; and that of others, 0.1 percent. Of the 1986 total retail sales, the retail sales of state-owned commerce accounted for 50.4 percent; those of collectively owned commerce accounted for 32.6 percent; those of private businesses accounted for 11.5 percent; and those of others accounted for 5.5 percent. [Summary] [Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 20 Jun 87 SK] /12232

GUANGDONG FINANCIAL REVENUE INCREASE--According to statistics compiled by the Guangdong Provincial Department of Finance, Guangdong Province's finance revenue in the first half of this year fulfilled 52.4 percent of the annual budget approved by the provincial People's Congress, thus achieving an increase of 19.9 percent as compared with the same period last year. Financial revenues gained by Shenzhen, Shantou, Zhanjiang, and Maoming Cities, Meixian County, as well as Huiyang Prefecture during the first half of this year showed an increase of more than 20 percent as compared with the same period last year. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 9 Jul 87 HK] /12232

CSO: 4006/828

## INDUSTRIAL DEVELOPMENT IN 1987 REVIEWED

HK150430 Beijing JINGJI RIBAO in Chinese 30 Jun 87 p 1

[Article by Reporters Shi Xichuan (0670 5045 0278) and Tuo Zhen (1641 7201): "Advancing With a Heavy Load, Fearing No Difficulties: Commenting on the Situation of Industrial Economic Development in the First Half of This Year"]

[Text] While a chilly wind was blowing hard in late winter, the second year of the "Seventh 5-Year Plan" began. As shown by the "curve" of industrial production in 1986 in which the rate of development was low initially but accelerated in the latter period, the industrial and economic condition of this year has become an issue that has long been of concern to people of all circles in both our country and foreign countries. As late spring is leaving and early summer coming, it is necessary for us to think about the issue in the middle of the year.

"Directing production is as dangerous as sitting on 'a bottomless sedan.'" This worried some comrades serving in economic departments at the beginning of this year. What they worried about was not the growth rate of output value, but whether bad economic results would further deteriorate in response to the change in objective factors, like the increase in prices of capital goods. Yet, the actual situation in the first half of this year was encouraging. From January to May, the realized profits of industrial enterprises throughout the country increased by 0.8 percent over that of the corresponding period in last year, the first rise from the drop in the accumulated amount of realized profits during the past 20 consecutive months since September 1985. The monthly losses in May dropped from 0.51 billion yuan early this year to 0.39 billion yuan, a reduction of 23 percent, while the rate of growth was narrowed down from 54.3 percent in January to 28 percent. The results in June continue to improve.

Which should be emphasized in economic development? The growth rate or results? People's understanding has gradually become unanimous after long-term proof and practice. They believe that the rate of development will only be normal if economic results increase correspondingly. In view of this point, the rise of economic results in the first half of this year could not be achieved without a comparatively rational rate of development. In other words, an increase in output will bring about an increase in revenues. Of course, if the output of the whole year is like that of the first half of the year, maintaining an increase at a two-digit level, it will be so high that

macroeconomic control cannot be properly exercised. Economic results will be affected and difficulties will be caused for next year's production if output is too high.

Yet, after directing production for the first 6 months, factory directors and managers are still alarmed and on tenterhooks. Many "unfavorable factors" will still exist in the latter half of the year, and numerous side effects will crop up. Prices of products rose by a proportion higher than costs; the rise in prices of raw materials was too considerable; liquid capital of enterprises was in short supply; expenditures increased; electricity and transportation posed greater restrictions on production, and so on. As there are more disasters caused by flooding and waterlogging during the flood season, agriculture, industries, and transportation will be affected. the seriousness of the question also lies in the fact that enterprises are in a grim situation. In view of its financial condition, the state cannot help reserve funds for enterprises by cutting their taxes. In this case, enterprises have no alternative but to tap their own potentials in developing production and innovating technology. It is estimated that except for a few, most industrial enterprises under the whole people ownership system lack sufficient vigor. Almost one-fourth of all enterprises suffer losses while a considerable number of them only enjoy small profits. Despite this condition, enterprises are still required to bear the bond redemption responsibilities for the state's priority and electricity construction, and more charges are levied on enterprises....

Whether a matter is difficult or not has nothing to do with its importance; it has to do with timing." We are now in the middle of the year. We need to be conscious in reviewing the first half of the year and looking forward to the latter half. Nine years have passed since the 3d Plenary Session of the 11th CPC Central Committee. with the deepening of the "double increase double economy" campaign, the contract system, the leasing system, the asset management system, and the responsibility system of pledging funds against risks..., new reform forces are crying out and fighting in the vanguard.... They will bring abounding vitality to the reform of our country's economic front, and finally fly across the swift flowing rivers toward the other shore where there is a promising future. thus it can be seen that the industrial production of this year will not move in a horizontal manner. It is not surprising to see a "ripple" or "spiral" pattern. Therefore, from now on we should do a good job in various tasks, and undertake overall planning and we cannot wait until "after autumn to settle accounts" no matter whether the work is the formulation or adjustment of policies, or the adoption of specific measures. We should say that we are very clear about the "affliction" currently affecting the healthy economic development, and that the key lines in the search of a "rescription" that helped to cure and heal the "affliction." It can be projected that comrades serving in economic departments will have to shoulder heavy responsibilities in the latter half of the year. It is believed that the problems that we encounter now are temporary ones. they are like labor pains, without which we will not be able to experience the abundant joy of having a new born baby.

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CSO: 4006/829

## JINGJI RIBAO ON 1987 JAN-JUN INDUSTRIAL OUTPUT

HK201052 Beijing JINGJI RIBAO in Chinese 8 Jul 87 p 1

[Report by Li Yinsheng (2621 6892 3932): "China's Gross Industrial Output Value in the First Half of 1987 Grows by 15 Percent"]

[Text] The State Statistics Bureau provided the following data several days ago. In the first half of 1987, the total industrial output value of the country reached 492.7 billion yuan, which is 15 percent more than the same period of last year. This has fulfilled 51.6 percent of the annual plan.

According to our information, the light industrial output value in the first half of this year was 246.1 billion yuan, an increase of 15.6 percent. Heavy industrial output value was 246.6 billion yuan, an increase of 14.4 percent. These proportions are relatively close. Industries under ownership by the whole people gradually accelerated their growth rate and achieved an increase of 10.6 percent. Collective industrial production increased by 23.1 percent. Industries managed by townships have grown extensively in the past few years and in the first half of 1987, they further increased by 305 percent. There was an increase from 40 percent to 70 percent in seven localities, Tianjin, Hebei, Jiangsu, Zhejiang, Anhui, Shandong, and Hubei.

Industrial production has grown steadily this year; in particular, in June, the output value reached 929 billion yuan, 16.8 percent more than in the same month same year. This is the fastest monthly growth in years, with the exception of the "ultra high" growth period. This momentum has aroused attention. In light of the industrial production situation in the first half of this year, and also considering the factors that the shortage of raw materials supply in the latter part of this year will be more serious and the production base figures were relatively high in the latter part of last year, it is expected that the speed of production growth in the latter part of this year will slow down. It is estimated that the speed of the annual industrial growth will exceed what has been planned and will increase by 10 percent or even higher.

This year, the adjustment of product mix in light and textile industries has gained results. The percentage of color television sets produced from January to June increased from 23.5 percent in the same period last year to 33.2 percent. Beijing, Tianjin, and Shanghai have determined on the targets for increasing production of 248 products with a ready market. The increased

output value is 45 percent of the net increased output value of the three cities. The production of machinery, chemical industry, and energy is relatively good. In the first half of this year, output of electric power, raw coal, and crude oil have respectively increased by 9.6 percent, 4.5 percent, and 4 percent over the same period of last year. Exports from January to May have increased by 24.3 percent over the same period of last year. Volume of goods transported by the national railway was 6.7 billion tons, which is an increase of 2.3 percent over the same period of last year.

Economic results have gradually improved following the acceleration of production development. From January to May, income from sales of industrial products covered by the national budget increased by 17.5 percent, while profit rose by 0.8 percent, reversing the situation of profit decline. Generally speaking, the improvement of economic results is still not quick enough. The total production cost of comparable products had increased by 4.6 percent over last year. The amount of loss in those industries suffering losses has increased by 28 percent. Therefore, the state of fulfillment of the year's plan for financial revenue is not ideal. We must grasp this with great effort. While we continue to grasp well the readjustment of product mix, we need to pay attention to the controlling the growth of consumption funds, and to arranging raw materials for production, imports, transportation, and supply so as to ensure smooth production in industry in the latter half of the year.

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CSO: 4006/829

INDUSTRY

ECONOMIC

# ELECTRONICS OUTPUT INCREASES IN FIRST HALF-YEAR

OW131251 Beijing XINHUA in English 1152 GMT 13 Jul 87

[Text] Xiamen, 13 Jul (XINHUA)--China's electronics industry generated 19.3 billion yuan (more than 5.2 billion U.S. dollars) in output value during the first half of this year, up 46.7 percent over the same period last year, according to a vice minister of the electronics industry here today.

During that period, profits achieved during the period increased by 14.3 percent, said Zhang Xuedong at a national work meeting of electronics industrial department directors.

Between January and June, both the production and sales of electronic products were very good.

During the period, China produced 7.94 million television sets, up 30 percent, which included 2.743 million color TV sets, an increase of 94.3 percent.

Vice Minister Zhang Xuedong said production of black-and-white television sets, tape recorders, radios, electronic organs, washing machines, and electric fans also achieved some gains.

He said China manufactured 40,000 microcomputers from January to June, 5.6 times more than the same period last year.

And during the same time, 6.2 billion electronic components and 31 million integrated circuits were produced, both fulfilling more than half of their annual targets, Zhang said.

Furthermore, the quality of electronic products also improved, and now, 30 percent are high quality products, he said.

During the first half of the year, China's exports of electronic products increased by 2.3 times as against the same period last year. Guangdong and Jiangsu Provinces and Tianjin Municipality achieved big increases in the exports of electronic products.

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CSO: 4020/246

## DIRECTOR RESPONSIBILITY SYSTEM SHOWS RESULTS

OW150706 Beijing XINHUA in English 0648 GMT 15 Jul 87

[Text] Beijing, 15 July (XINHUA)--China is vigorously pushing the introduction of the system of factory directors assuming sole responsibility for management and operations in state owned enterprises.

According to a front page report by the ECONOMIC DAILY today, the number of factories which have introduced this system has come to more than 36,000; 10,000 more than in September last year.

Shanghai Municipality and Hebei and Shaanxi Provinces reported that all the large and medium-sized enterprises will institute the system by the end of the year.

In Beijing, Sichuan, Hubei, Anhui, Liaoning, Jilin and Heilongjiang, the number of enterprises practising this system has come to 50 percent.

This has brought the reform within enterprises into depth, according to economic experts.

The old practise is that factory directors act under the leadership of party committees. The reform is aimed at separating party affairs from administration so as to give more powers to factory directors in management operations and enable party committees in factories to direct more attention to party affairs and ensure all the party and state policies are better implemented.

The new system has enabled the factory directors to have greater decisionmaking power in management, business operations, employment, wages, raw materials and products purchasing and marketing.

The paper reported that all factories which have introduced the new system have shown better economic results than those that have not.

In the biggest industrial center of shanghai, 755 state owned factories were reported to have introduced this system so far, accounting for 28 percent of the total state owned factories. Their net profit rate is 6.2 percent

higher and production cost is about 1 percent lower than those not practising the system.

Economic experts asserted that if all the state enterprises in Shanghai operate like these, they would create 1.86 billion yuan more profits a year for the state.

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CSO: 4006/829

## ENTERPRISES INTRODUCE NEW RESPONSIBILITY SYSTEM

OW181048 Beijing XINHUA in English 0940 GMT 18 Jul 87

[Text] Beijing, 18 Jul (XINHUA)--Some 4,046 major industrial enterprises--51 percent of China's total--have instituted the initiative-based contractual responsibility system, a senior Chinese official has said.

Speaking at an ongoing national conference on the campaign to increase production and practise economy, Lu Dong, minister in charge of the State Economic Commission, described the system as the "salient feature" of the nationwide campaign.

Under the system, contractors are responsible for ensuring production, marketing, product quality and workers' benefits. They are penalized for not meeting quotas and rewarded when they do.

"The spread of the system nationwide indicates that China's enterprise reform has entered a new stage with the focus on improving enterprise managerial mechanism," he told the conference.

The system separates the ownership of enterprises from managerial authority, he said, noting that this enables enterprises to assume explicit economic responsibility, and to enjoy full managerial authority and economic benefits, while the state retains ownership of the enterprise.

The system also combines reform with enterprise development, he said, adding that it gives impetus to tapping the potential of enterprises and helps promote the campaign to increase production and practise economy.

According to a nationwide survey by the State Economic Commission, in localities where the system was introduced first both managers and workers have remained enthusiastic and effectively implemented the campaign to increase the revenue and practise economy.

Since introduction of the system in northeast China's Jilin Province 4 years ago, the province has scored high rates of growth in output value, earnings, profits and taxes, and revenues.

Jilin's revenues have risen at an annual average rate of 19 percent over the past 4 years and grew by 16.2 percent in the first half of this year.

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CSO: 4020/246

## HEBEI REPORTS JAN-MAY 1987 INDUSTRIAL OUTPUT VALUE

SK230352 Shijianzhuang HEBEI RIBAO in Chinese 8 Jun 87 p 1

[Text] According to the latest materials of the provincial Statistical Bureau, the province created 3.489 billion yuan in output value this May, the highest monthly record of the year and an 11.9 percent increase over the same period last year. All 18 prefectures and cities registered increased in the output value, and the increase rates of Baoding and Cangzhou Cities, and Shijianzhuang and Chengde Prefectures were all above 20 percent.

From January to May, the output value of state industrial enterprises totalled 11.181 billion yuan, an 11-percent increase over the same period last year, and that of collective industrial enterprises totalled 4.658 billion yuan, a 17.9-percent increase. The province's light industrial output value was 7.517 billion yuan, an increase of 11.3 percent over the same period last year; and its heavy industrial output value was 8.392 billion yuan, an increase of 14.4 percent. the output of 64 products, of 80 percent of the 80 major products under special assessment, should an increase.

The present major problems are unstable quality of some products, a poor job in reducing material consumption, overspending of production cost, and continued deficits.

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CSO: 4006/829

## HENAN REPORTS INDUSTRIAL SUCCESS, PROBLEMS

HK120302 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 9 Jul 87

[Excerpts] Under the impetus of the deepening enterprise reforms and the double increase and double economy drive, Henan's industrial output rose steadily in the first half of the year while economic results improved somewhat. Output value up to the end of June was 12.3 percent more than in the same period of last year.

However, there are also a number of problems that currently merit attention in the province's industrial production. Trends of neglecting product quality and economic results have emerged. Consumption funds have grown too fast. Production safety is poor.

The departments concerned hold that although there are many favorable conditions for organizing industrial production in the second half of the year, generally speaking the work will be more difficult than in the first half. It is necessary to make preparations as nearly as possible in materials and organizational measures to deal with shortages of electricity, capital, and transport together with lack of raw materials during the second half of the year.

It is necessary to deepen the reforms and institute the contracted management responsibility system in a planned way in the large and medium enterprises owned by the whole people.

We must further readjust the product mix to meet market needs, and increase output of products with a ready market. We must resolutely and strictly control capital construction projects not covered by the plan and the growth of consumption funds. We must take effective action to correct the current indiscriminate price hikes of capital goods and the indiscriminate imposition of charges and fees on the enterprises. We must lighten the enterprises' burden, protect their interests, and boost the reserve strength for developing their production.

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CSO: 4006/829

## HUNAN PROVINCE INDUSTRY DEVELOPS STEADILY

HK070651 Changsha Hunan Provincial Service in Mandarin 0000 GMT 6 Jul 87

[Text] Our reporter learned yesterday from a routine provincial meeting on industrial and communications production that since the beginning of this year, the province's industrial production has increased continuously and steadily and the economic results have improved continuously. The province's total industrial output value reached some 3 billion yuan for 2 months in succession, namely, May and June. The province's total industrial output value in the first half of this year amounted to some 16 million yuan, a net increase of 1.9 billion yuan over the same period last year, or an increase rate of 13 percent. The province has fulfilled half of its annual output value target in half a year.

The main reason for the relatively good results in the province's industrial and communications production in the first half of this year is that a new breakthrough has been made in deepening enterprise reform and in instituting various contracted management responsibility systems. In addition, the responsible departments in charge of industrial and communications production in all areas and enterprises have stressed increasing marketable products, upgrading the quality of their products, reducing expenses, and increasing exports to earn more foreign exchange. They have readjusted the product mix and expanded production of famous-brand and fine-quality products, to accelerate the pace of production and improve economic results.

A responsible comrade of the provincial Economic Commission pointed out that in the 3d quarter and the whole 2d half of this year, the province's industrial and communications production must focus on improving economic results and that we must avoid a slack mood which may arise due to the fulfillment of the production task in the first half of this year, must continue the double increase and double economy drive in a down-to-earth manner, and must ensure the supply of materials needed in production. We must accelerate the pace of instituting the contracted management responsibility system in large and medium-sized enterprises, deepen internal reform in these enterprises, and further perfect operational mechanism. We must firmly grasp the operation and [words indistinct] of technological transformation projects to bring into play the role of these projects in production as quickly as possible and achieve good results in the investment. We must firmly grasp the work of turning losses into profits in loss-suffering enterprises. The loss

amount in this year's 3d quarter must be well controlled under 20 million yuan. We must pay attention to accident-free production, establish and perfect the responsibility system in accident-free production, and further strengthen ideological and political work in enterprises, to provide a guarantee for smooth fulfillment of various tasks in the 3d quarter.

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CSO: 4006/829

## CONTRACTED MANAGEMENT SAVES CHONGQING PLANT

HK160800 Beijing RENMIN RIBAO in Chinese 7 Jul 87 p 2

[Report by Jiang Shijie (3068 0013 2638): "The Chongqing No 1 Washing Machine Plant, Which Was on the Brink of Bankruptcy, Is Brought Back to Life by a Collective Contract"]

[Excerpt] The 28th of May is a date that the staff of the Chongqing No 1 Washing Machine Plant will never forget. On the same day last year, the Chongqing City Government approved the presentation of a "yellow card" to warn the plant of the danger of bankruptcy and a 1-year rescue program according to which the Chongqing No 2 Washing Machine Plant [now renamed the Chongqing Washing Machine General Plant] was to take over the management of the No 1 Plant under a collective contract. Having mixed feelings of grievance and worry, the staff members of the No 1 Plant doubted that the rescue program could succeed. A year has passed since then and the plant has been "reinvigorated" as expected. It has not only made a profit of 523,000 yuan but has paid back long overdue old debts totaling 230,000 yuan. Meanwhile, the value of its fixed assets has also increased by more than 120,000 yuan, and the staff members' average per-capita monthly salary has also increased from 51.81 yuan to 94 yuan. The responsible comrades of the Chongqing City Economic Commission and Second Light Industry Bureau told this reporter: The program of rescuing enterprises that are on the verge of bankruptcy through collective contracted management by advanced enterprises is another invention in the practice of the responsibility system of contracted management. While in Chongqing on an inspection trip this spring, Tian Jiyun, vice premier of the State Council, praised this form of contracted management as a typical example of the scheme of "big fish looking after small fish."

The Chongqing No 1 Washington Machine Plant is a small plant practicing collective ownership. This plant had suffered losses in successive years since 1979 due to wrong decisionmaking, poor management, and a standstill in production. By the end of May 1986, the aggregate losses of the plant reached 1,367,000 yuan and its debts totaled 1.28 million yuan, equivalent to more than 200 percent of the total value of the plant's assets. The plant has not issued any bonus in the past few years and, in 1985, the situation was so bad that the plant had no money to pay its staff members their basic salaries. By the spring of last year, nearly half of the staff members of the plant had to survive on the 25-yuan living allowance issued monthly by the City Household Electric Appliance Company. Such being the case, the City Second Light

Industry Bureau and the Household Electric Appliance Company subordinate to the bureau, in accordance with the guideline laid down in the draft of the "Enterprise Bankruptcy Law," decided to "warn the plant of the danger of bankruptcy and to initiate a rescue operation." In the meantime, they also invited the Chongqing No 2 Washing Machine Plant to take charge of the rescue operation under a collective contract.

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## BRIEFS

GUIZHOU INDUSTRIAL PERFORMANCE--Guizhou's Industrial output value in the first half of the year was 4,479.05 million yuan, representing 50.3 percent of the plan for the year. [Summary] [Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 7 Jul 87 HK] /12232

HEILONGJIANG INDUSTRIAL OUTPUT--According to statistical data recently compiled by the provincial Statistical Bureau, in the first half of 1987 Heilongjiang Province achieved a stable and harmonious development in industrial production. Total industrial output value in June reached 3.947 billion yuan, surpassing the highest monthly figure and showing a 13.2 percent increase over the figure for the corresponding 1986 period. The first-half accumulated industrial output value reached 20.03 billion yuan, and the province fulfilled its annual industrial production plan by 51.4 percent, an 11.9-percent increase over the figure for the corresponding 1986 period. Of this output value, that of light industry reached 6.931 billion yuan, a 14.3-percent increase over the figure of corresponding 1986 period, and that of heavy industry reached 13.372 billion yuan, a 10.6 percent increase over the corresponding 1986 figure. [Excerpts] [Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 7 Jul 87 SK] /12232

JILIN SEMIANNUAL PRODUCTION--In the first half of this year, Jilin Province created 12.842 billion yuan in industrial output value, 13.3 percent over the corresponding period of last year and 53 percent of the annual target. The semiannual light industrial output value was 5.335 billion yuan, a 14.3-percent increase over the corresponding period of last year. [Excerpts] [Changchun Jilin Provincial Service in Mandarin 2100 GMT 4 Jul 87 SK] /12232

SHAANXI INDUSTRIAL ACHIEVEMENTS--Output value of Shaanxi industry at and above township level in the first half of this year was 9.83 billion yuan, representing 50.5 percent of the plan for the year. Output value showed a rise of 12.7 percent over the same period last year. Product quality improved, while input consumption of main raw materials, fuel, and motive power dropped by 13.8 percent compared with the same period last year. [Summary] [Xian Shaanxi Provincial Service in Mandarin 2330 GMT 7 Jul 87 HK] /122323

GANSU INDUSTRIAL PRODUCTION INCREASES--During the first half of this year, Gansu Province's total industrial output value reached 6,393 million yuan,

thus fulfilling 49.1 percent of the annual plan, an increase of 5.96 percent as compared with the same period last year. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 7 Jul 87 HK] /12232

SHANDONG INDUSTRIAL OUTPUT--In the first half of 1987, Shandong Province achieved a sustained and stable growth in industrial production. Industrial enterprises at or above the township-town level throughout the province realized 33.37 billion yuan in their total output value and overfulfilled their production plans by 2.1 percent, showing a 15.94-percent increase over the figure for the corresponding 1986 period. In June these enterprises first broke their output value record of 6 billion yuan, surpassing the highest monthly record. [Excerpts] [Jinan Shandong Provincial Service in Mandarin 2200 GMT 8 Jul 87 SK] /12232

GUANGXI INDUSTRIAL OUTPUT--According to the Guangxi Autonomous Regional Statistical Bureau, Guangxi region's total industrial output value during the first half of this year reached more than 7,495 million yuan, an increase of 18.7 percent as compared with the same period last year. Of this, the heavy industrial and light industrial output values respectively increased by 19 percent and 18.6 percent. During the first half of this year, the output value of the industrial sector under ownership by the whole people, and the industrial sector under collective ownership, both increased by 18.5 percent as compared with the same period last year. Of this, the output value of township-run industry under collective ownership increased by 32.1 percent. [Summary] [Nanning Guangxi Regional Service in Mandarin 1030 GMT 9 Jul 87 HK] /12232

QINGHAI INDUSTRIAL OUTPUT INCREASE--Qinghai's industrial output value in the first half of the year was 1,129,750,000 yuan, an increase of 17.8 percent compared with the same period last year. Output of industry covered by plans amounted to 49.94 percent of the year's quota. [Summary] [Xining Qinghai Provincial Service in Mandarin 0430 GMT 9 Jul 87 HK] /12232

QUANGDONG INDUSTRIAL PRODUCTION--During the first half of this year, Guangdong Province's total industrial output value reached 31,257 million yuan, an increase of 26.7 percent as compared with the same period last year, thus fulfilling 55.52 percent of the annual plan in this regard. Guangdong Province's foreign exchange income from industrial exports during the January-May period this year increased by 56.64 percent as compared with the same period last year. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 10 Jul 87 HK] /12232

HUBEI INDUSTRIAL PRODUCTION--During the first half of this year, Hubei Province's total industrial output value totaled more than 25.26 billion yuan, an increase of 15.1 percent as compared with the same period last year, thus fulfilling 49.7 percent of the annual plan in this regard; and the province's financial revenue fulfilled 48.2 percent of its annual plan for financial revenue, thus achieving a substantial increase as compared with the same period last year. [Summary] [Wuhan Hubei Provincial Service in Mandarin 0900 GMT 13 Jul 87 HK] /12232

INDUSTRIAL PRODUCTION UP--Shanghai, 12 Jul (XINHUA)--Shanghai, China's largest industrial center, has recorded an 8.5 percent growth in its industrial production in the first half of this year, according to the municipal statistics bureau. Between January and June, the city generated 48,412

million yuan (more than 13,084 million U.S. dollars) in industrial output value, fulfilling 50.72 percent of its annual target. Export of industrial goods valued 2 billion U.S. dollars, accounting for 60 percent of the annual target and showing an 18.5 percent increase over the same period last year. A number of enterprises have reduced material consumption and developed new products, according to the bureau. [Text] [Beijing XINHUA in English 0125 GMT 12 Jul 87] /9599

CSO: 4020/246

## HEBEI RIBAO ON PROBLEMS IN INVESTMENT

SK010303 Shijiazhuang HEBEI RIBAO in Chinese 16 Jun 87 p 2

[Article by Yang Guohua [2799 0948 5478], Sun Shutan [1327 2885 8592], and Wang Yinguan [3769 6892 1351] in the "Economic Work Research" column: "Our Province's Problem of Poor Results in Capital Construction Investment Needs An Urgent Solution"]

[Text] At present, our province has achieved great results in controlling the scale of the capital construction front, readjusting the investment pattern, and ensuring key projects. However, the problem of poor results in capital construction investment remains very conspicuous, hence a great potential for increasing production and reducing expenditures.

The Status Quo of the Results in Capital Construction Investment

In 1986, most of the targets for the results in capital construction investment are fulfilled worse than the previous year, and some figures even declined to an extent close to the lowest record of our province. Only very few targets were fulfilled better than the previous year.

1. In terms of the construction speed, a phenomenon of "three lows and two longs" existed in the results in investment.

1) The rate of the projects totally completed and put into operation was low. In 1986, the province had 2,899 capital construction projects under construction, of which 1,553 projects, or 53.6 percent, were totally completed and put into operation. This rate was 0.8 percent higher than the previous year, but was 1.43 percent lower than 1984.

2) The construction cycle lengthened. In 1986, the planned total investment in the capital construction projects undertaken by our province was 24.57 billion yuan, and the construction cycle was 6 years and 5 months, which was 7 months longer than the previous year. The construction cycle of local projects was 3 months longer than the previous year.

3) The construction period of the projects lengthened. The average per-project construction period of the 1,553 capital construction projects completed and put into operation in 1986 was 12 months, 1.72 months longer

than the previous year. The average construction period of large and medium-sized projects among these completed projects was 6 years and 6 months as against 4 years and 4 months in the previous year.

4) The rate of houses completed was low. In 1986, construction of 12.99 million square meters of houses was undertaken, and 6.21 million square meters were completed. The completion rate was 47.81 percent, 1.2 percent lower than the previous year, and 2.3 percent lower than the national average of the same year.

5) The rate of the fixed assets put into use was low. In 1986, the newly added fixed assets of capital construction of the province was 2.767 billion yuan, and the rate of fixed assets put into use was 70.5 percent, 21.5 percent lower than the previous year. The rate of state projects put into use was 42.2 percent lower than the previous year, and that of local projects was 1.58 percent higher.

2. Let us judge the results in investment in terms of fund consumption. The cost of capital construction projects has increased fairly greatly over the past few years. In terms of the average investment (cost) in per-unit production capacity of the large and medium-sized projects completed and put into operation during the 6th 5-Year Plan period, all trades experienced great increase. In the coal industry, the per-ton coal investment was 126 yuan, an increase of 40 yuan over the 5th 5-Year Plan period; in the power industry, the per-kilowatt investment was 874 yuan, an increase of 343 yuan; and the investment in per-km power transmission line of power transmission and transforming projects was 120,000 yuan, an increase of 50,000 yuan.

3. Let us judge the results in investment in terms of the amount of funds tied up in construction. Our province's investment in unfinished capital construction projects totaled 3.88 billion yuan in 1986, an increase of 753 million yuan, or 24.1 percent, over the previous year; and the rate of the investment tied up in unfinished projects was 101 percent [as published], an increase of 4.7 percent. The rate of the investment tied up in unfinished local projects rose by 4.2 percent.

#### The Reasons for Poor Results in Investment

There are many factors for the poor results in our province's capital construction investment. The major ones are as follows. 1) In the fixed asset investment of the entire society of our province, the fixed asset investment in the state capital construction has not exceeded the state stipulated scale for 7 years in succession, but that made by urban and rural collectives, and individuals was rather large. In 1986, the fixed asset investment of the entire society of our province totaled 13.13 billion yuan, amounting to 35.01 percent of the national income, and exceeding the normal rate by 5 percent. Of the total, the fixed asset investment made by state units amounted to 20.34 percent of the national income, close to the normal rate; and that made by urban and rural collectives, and individuals was 5.502 billion yuan, amounting to 14.6 percent of the national income, which exceeded

the normal rate by 4.6 percent. The rather large scale investment made by urban and rural collectives, and individuals was bound to result in a lack of construction funds, and adversely influence the results in capital construction investment. Due to a lack of funds, funds owed to construction enterprises totaled 120 million yuan. The lack of funds also resulted in a failure to put projects into use on schedule. For example, due to a lack of funds, construction of the Chendge City library and gymnasium was suspended many times, making them unable to be put into use on schedule. 2) The total investment in capital construction was rather large, and was in an upward trend. In 1986, 2,899 projects were under construction, and the planned total investment showed a 29.3-percent increase over the previous year. This was mainly because of the additional investment made in continuing projects. According to a rough calculation, an additional investment of 3.07 billion yuan was made in the projects undertaken in 1985 and continued in 1986. The amount accounted for approximately 19 percent of the 1985 planned total investment in these projects, and the average amount of the additional investment in each of the continued project was 2.32 million yuan. 3) The prices on materials and equipment rose, and various fees increased. Compared with the previous year, the prices of construction products rose by 9.57 percent in 1986. Of these products, the charge for labor service rose by 12.34 percent, the prices of materials by 10.39 percent, and other fees by 8.34 percent. When we consider the price increase in equipment, the increase would be much larger. 4) Construction and installation period lengthened. According to the statistics of local state-own construction and installation enterprises, the construction and installation period for per-1,000 square meter completed houses was 166 days in 1986, 28 days longer than the previous year, and the per-worker construction and installation acreage also declined from 27.2 square meters in the previous year to 26.4 square meters.

#### Strive to Improve the Results in Capital Construction Investment

At present, shifting the focus of capital construction investment to improving the results in investment is an urgent task for us to fulfill. For this reason, departments at various levels should, first of all, regard the improvement of the results in capital construction investment as an important link to the campaign to increase production, practice economy, increase revenues, and reduce expenditures, and pay close attention to it. In starting a capital construction project, we should closely coordinate every link, from registration of the project to study of its feasibility, survey and designing, planning, organization for construction, and completion and operation, make strict checks at every link, always bear in mind the improvement of the results in capital construction investment in carrying out every link, and ensure small investment, low consumption, short construction period, high quality, and best results from the investment after completion. The potential of our province's capital construction front for increasing production, practicing economy, increasing revenues, and reducing expenditures is very great. For example, the investment in per-ton iron ore is 9.4 yuan in the lowest, and 115 yuan in the highest, some 11 times greater; and the investment in mining every ton of coal was 9.3 yuan in the lowest, and 126.6 yuan in the highest, about 13 times greater.

Second, we should do a good job in the overall control, strengthen management of plans, and reduce the scale of capital construction investment of the entire society. Judged from the present situation, the reason for the rather large capital construction investment of the entire society is the rather large investment made by urban and rural collectives, and individuals. Therefore, we should strengthen investigations, analysis, and forecast of the investment made by urban and rural collectives, and individuals, guide and manage it with proper measures, and keep it within the scope permitted by our manpower, material, and financial resources. With regard to the projects that we decide to undertake, we should define a rational investment scale, and reduce the total amount of investment, ultramodern facilities, and unnecessary single-item projects. We should strictly control the number of new projects.

Third, we should further consolidate the construction market. We should strengthen the management of construction workers, including those from other provinces, and strive to improve the management results of construction and installation enterprises. We should encourage construction and installation enterprises to contract more projects through bidding. In 1986, the number of projects undertaken through bidding amounted merely to 19 percent of the total. We should improve the quality of construction products, and gradually achieve the goal of good quality and good price. We should accelerate construction speed, step up the winding-up work of projects, overcome the tendency of emphasizing the main projects to the neglect of supporting minor ones, and shorten the construction period.

Fourth, we should deepen reform. We should further popularize the fixed investment quota, and the contract responsibility systems, ensure the fulfillment of the contracts, and award those who do a good job and punish those who do a poor job. Within the scope of the contracted overall investment and construction period, we should make rational arrangements for annual investment, encourage acceleration of the construction speed and ahead-of-schedule completion and operation of a project on the condition that the overall investment is not exceeded.

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CSO: 4006/830

## STATE COUNCIL GROUP VIEWS HOUSING SYSTEM REFORM

HK161350 Beijing RENMIN RIBAO in Chinese 13 Jul 87 p 1

[Report by XINHUA reporter Xu Kehong (1776 0344 3163) and RENMIN RIBAO reporter Sun Wei (1327 4850): "Beijing Forum on Urban Housing Reform Ends"]

[Text] A discussion meeting on the work in the pilot schemes for reforming the urban housing system, which was held by the State Council's leading group in charge of the reform of the housing system, ended on 11 July in Beijing. Chen Junsheng, secretary general of the State Council and leader of the leading group in charge of the reform of the housing system, presided over the meeting and made a conclusive speech.

During the meeting, the responsible people from Yantai, Bangbu, and 15 other cities that had carried out the pilot schemes for reforming the urban housing system, and the responsible people of the provinces and autonomous regions in which these cities are located, together with the responsible cadres from the relevant departments of the State Council, studied and discussed the important speeches by Premier Zhao Ziyang on the reform of the housing system, discussed some basic principles and policies for the reform of the housing system, studied the experience gained by Yantai, Bangbu, and other cities from their pilot schemes, and arranged the work for expanding the scope of the pilot schemes in the next stage.

At the meeting, Chen Junsheng said that housing reform should be taken as an important part of the entire economic structural reform and should be placed in a proper and important position. That is to say, this issue should not be treated separately but should be linked to the overall reform arrangement. At present, the serious defect of "eating from the same big pot" still exists in the housing system, and this in turn affects many other economic aspects. The reform of the housing system is as important as the reform of the wage and price systems and has relations with reforms in the fields of production, circulation, and distribution. So, it is an issue that has a bearing on the overall situation. It is related to the reasonable adjustment of the consumption and production structures, to the deepening of enterprise reforms, to the transformation of urban construction, and also to the financial mechanisms, credit structure, and wage structure. In the political aspect, problems in the distribution of housing has always been a main aspect of the unhealthy tendencies in recent years. This shows that the reform of the

housing system is a component of the overall systems engineering project of the economic structural reform and it is also itself a systems engineering project. The reform of the housing system cannot be delayed any more, because further delay will just cause more contradictions and affect the overall economic structural reform.

Chen Junsheng pointed out: The key to the reform of the housing system is to strengthen leadership over the work in this regard. At present, this reform is still in the stage of pilot schemes, and the local leading departments concerned should first strengthen their leadership over the pilot schemes to promote the work generally. The purpose of reforming the housing system is to solve the housing problem for hundreds of millions of people, and this reform is in the fundamental interests of the people. The surveys in some cities that have carried out the pilot projects show that the general public supports this reform. However, as this reform involves things in a wide scope and is rather difficult, we must have a positive and prudent attitude and should find a road that is suited to our country's conditions through continuous explorations.

Chen Junsheng emphasized that if a local government succeeds in carrying out the form of its housing system, it will make a major achievement in its administrative work. The state authorities will work out general policies for this reform, and localities should work out their own schemes and measures in light of their specific conditions to concretely carry out the reform. Local authorities can adopt various concrete measures as long as they do not go against the state's basic policy. The state will not impose a uniform model on all parts of the country.

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CSO: 4006/830

## WUHAN BEGINS HOUSING REFORM BY STARTING MARKET

OW111111 Beijing XINHUA in English 1043 GMT 11 Jul 87

[Text] Wuhan, 11 Jul (XINHUA)--Wuhan City, capital of central China's Hubei Province, has opened a housing market as an initial step to change the existing system under which most urban housing is owned and allocated by local governments or work units.

The market, which opened yesterday, pegs housing prices, buys in or sells out houses and handled title deeds. The first day, it witnessed 46 transactions, totalling more than 7 million yuan, according to an official of the market.

"The market makes housing trade much easier," said Engineer Yang Shengrong, who had just received 11,000 yuan in cash from the sale of her house.

Yang, now living in Beijing, owned a house in Wuhan and wanted to sell it. She spent more than 20 days last month looking for buyers but did not find any. When she came to the market yesterday morning, she struck an immediate deal.

Wuhan is one of the cities chosen to pioneer the reform of housing allocation and construction systems. To encourage individuals to build or buy their own houses is one of the measures to ease the housing shortage, the official said.

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CSO: 4020/246

CONSTRUCTION

ECONOMIC

BRIEFS

HAINAN CONSTRUCTION INVESTMENT--This year, Hainan region will make a total investment of 1,142.45 million yuan in 15 key construction projects.

[Summary] [Haikou Hainan Island Service in Mandarin 1000 GMT 7 Jul 87 HK]  
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CSO: 4006/830

## CONSTRUCTION WORK ABROAD CONTINUES TO EXPAND

HK210558 Beijing CHINA DAILY in English 21 July 87 p 2

[By staff reporter Tian Ying]

[Text] China's largest construction corporation, which has a work-force of more than 160,000, has won a worldwide reputation for its competence and ability to complete contracts on time.

Established in 1982, the China State Construction Engineering Corporation (CSCEC) now has about 13,000 people working in more than 30 countries and regions.

Up to this year, it has signed foreign deals worth \$2.2 billion. Projects worth about \$1.2 billion have been completed, representing about 34 percent of the country's total overseas construction business in the last 8 years.

Last year the corporation completed projects valued at \$347 million--36 percent of the country's total overseas business.

Hong Kong and Macao are the corporations's best markets.

Contracts valued at \$155 million were signed between the corporation and Hong Kong and Macao last year, a 192 percent increase over 1985.

The number of projects contracted in Thailand, the Philippines, Pakistan and Bangladesh also went up.

contracts completed in North African countries such as Egypt, Algeria and Libya accounted for 29 percent of the corporation's 1986 business.

The corporation has also sent skilled workers to the United States, West Germany, Sweden and Britain to design and build gardens.

The company, specializing in civil engineering, garden construction, sculpturing, designing and exploration, is now capable of undertaking projects worth more than \$100 million.

For example, the Four Big Dams projects in Iraq, worth \$175 million, and that country's \$164 million irrigation project have won high praise from the Iraqi Government, Ma Zheng, vice-general manager of the corporation, said.

Many other projects completed by the corporation, such as the International Bank in Macao housing units in Hong Kong and parks in West Germany and Britain, have also shown that Chinese contractors have the ability to compete with the world's construction giants, Ma said.

According to the company's plan, projects valued at \$380 million are expected to be completed this year. About \$25 million is expected to be netted.

As oil prices pick up, the labor market in the Middle East is expected to flourish, providing good opportunities for the corporation to expand its business.

With more overseas investment going to Hong Kong, the region is expected to remain the company's largest market in the next 5 years, Ma said.

Although Africa is economically backward, many countries there are receiving loans from the World Bank, the European Economic Community and the African Development Bank. The area is also a potential market where CSCEC can expand its business.

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CSO: 4020/243

## BEIJING MUNICIPALITY WANTS MORE FOREIGN INVESTMENT

OW200732 Beijing XINHUA in English 0622 GMT 20 Jul 87

[Text] Beijing (CEI)--The Beijing Municipal Government has just worked out 20 new regulations to encourage foreign firms to invest in the city.

Some of the major points of the new regulations are:

--If a foreign-funded enterprise manufactures products China has to import, the company's export taxes can be waived or reduced.

--Foreign-funded enterprises have priority in getting goods and materials at the same prices paid by China's state-owned enterprises.

--If foreign-funded enterprises manufacture export-oriented products or are hi-tech operations, the company's local revenue and profit taxes can be waived or reduced.

--If export-oriented or hi-tech foreign-funded enterprises manufacture products for the domestic market, during the initial period of foundation when it is difficult to pay due taxes, the company's industrial and commercial taxes can be waived or reduced, with approval.

--If foreign-funded enterprises submit projects for approval, decisions must be made within 30 days.

To date, Beijing houses 189 joint ventures and foreign-funded enterprises, which involve 1 billion U.S. dollars, and 35 are classified as export-oriented or hi-tech companies.

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CSO: 4020/243

## FUJIAN PROVINCE TO HOLD TRADE TALKS FOR INVESTMENT

OWO10850 Beijing XINHUA in English 0559 GMT 1 Jul 87

[Text] Fuzhou (CEI)--Fujian Province will hold trade talks focusing on investment in the province's Xiamen-Zhangzhou-Guangzhou triangle this September.

Industrial, commercial and financial representatives from foreign countries, Hong Kong and Macao will be invited to the Xiamen Economic Special Zone for a meeting.

To date, the province has signed about 1,000 foreign investment contracts, and has built and put into production over 300 enterprises funded by Sino-foreign investment, cooperative agreements and solely foreign funds.

The talks are designed to draw more foreign capital, introduce advanced technology and set up more production-related projects. Topics to be discussed include processing with supplied materials, manufacturing with supplied designs, assembly with supplied parts, compensation trade, technology export and investing in overseas enterprises. Orders will be taken on famous, high-quality local products at the meeting.

Areas covered under the talks include the Xiamen Special Economic zone; the South Fujian Economic Development Zone, which includes Quanzhou and Zhangzhou; and the Longyuan area in Western Fujian. These are province's most economically-developed areas which offer the best investment environment.

These areas have implemented preferential policies on taxes, on import and export procedures, and land use fees for Sino-foreign joint ventures.

The Trade Talks Preparatory Committee, organized by the Special Economic Zone Office of the provincial government, the provincial Commission of Foreign Economic Relations and Trade and the provincial Council for the Promotion of Trade, has announced 113 economic cooperative projects available to overseas businesses.

The projects cover 11 fields including light industry, textiles, machinery, electronics, agricultural and aquatic products. Other projects are listed in building materials processing, the chemical industry, metallurgy, medicine and forestry.

## GUIZHOU PROVINCE IMPROVES INVESTMENT ENVIRONMENT

OW201019 Beijing XINHUA in English 0625 GMT 20 Jul 87

[Text] Guiyang (CEI)--In a bid to attract more foreign capital in the province, the Guizhou Provincial Government has decided to give more preferential treatments to foreign-funded businesses.

Guizhou's new preferential policies include:

--Foreign-funded enterprises will receive priority in land, labor, mineral resources and other supplies, and fees on these items will be charged at preferential rates.

--After the designated period during which local corporate income tax is waived, foreign-funded export-oriented enterprises whose exports are valued at over 70 percent of their total annual production can apply for a tax break of up to half the local corporate income tax rate.

For those enterprises showing even better export performance, local tax departments can report to state government departments to request even more preferential treatment.

--Enterprises which accept orders for goods not manufactured domestically and which must be imported can apply for approval by the provincial exchange control administration to settle partial or total accounts in foreign exchange.

--The provincial government will help solve the problem of the shortage of foreign exchange as working capital in those enterprises showing profits and earning large sums of foreign exchange.

--Local governments will streamline procedures for examining and approving foreign-funded projects, and provincial government departments must make decisions on agreements, contracts and charters within 1 and 1/2 after applications are submitted, and must provide clear explanations for those applications not approved.

Guizhou Province, in southwest China, boasts plentiful water-power resources and mineral deposits and convenient transportation facilities. Deposits of 14 different minerals rank among the country's top 5, including aluminum,

phosphorus, coal, antimony, manganese, mercury, iodine, gallium, trace elements and rock silicon.

Ten out of the province's 18 foreign-funded joint ventures and cooperative enterprises are operational and they all show good economic results.

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CSO: 4020/243

## HEILONGJIANG ECONOMIC DIRECTOR'S SPEECH ON EXPORTS, COOPERATION

SK200417 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 19 Jul 87

[Recorded speech by (Qui Feng), director of the provincial Foreign Economic Relations and Trade, on the province's export commodities, economic and technological cooperation, and the characteristics of the provincial trade talks meeting--place and date not given.

[Text] Our province's direct import and export businesses began in 1981. Since the development of the import and export businesses, our province has held four Heilongjiang provincial export commodities trade talks meetings. In 1984, we separately help export commodities exhibition sales in Canada and Hong Kong. This has played an active role in expanding our province's foreign impact, making friends extensively, developing and expanding the number of clients, and increasing foreign exchange earnings through exports. This has also helped to increase the export and revenue volume. In 1981, we created \$130 million in foreign exchange earnings through exports. In 1985, the figure reached \$420 million. During those 5 years, we created a total of \$1.33 billion of foreign exchange, an annual increase of 33.3 percent. Our province's position in the entire country in earning foreign exchange through exports rose from 16 in 1986 to 12 and its position in using foreign exchange rose from 9 in 1986 to 6. The number of foreign firms in the province has increasingly expanded. In the beginning, we had only several score of clients introduced by the port cities. At present, our province has established economic and trade relations with more than 1,700 clients from 140 countries and regions. The commodity sales markets are being expanded from Hong Kong, Macao, Japan, and South East Asia in the past to Europe, the United States, and the Middle and Near East. We have scored gratifying achievements in building the export commodities production bases. Our province has accelerated the pace in using foreign funds and developing economic and technological cooperation. By the end of 1986, our province carried out 167 projects with investment from other countries and the contracts signed involved foreign capital of \$118.4 million. We established 68 joint ventures and cooperative enterprises. Since the beginning of this year, our province's foreign economic relations and trade situation is even better. On the one hand, we have made rapid progress in exportation and have increased its scope. During the first half of this year, exports were valued at \$473 million, accounting to 78.7 percent of the annual plan, and showing an increase of \$142 million, or 43.3 percent, over the same period last year. The trend of economic and technological cooperation with foreign countries has been

good. Since the beginning of this year, we have approved 14 items using foreign funds which involved \$41.85 million, an increase of \$31.64 million, or 300 percent over the same period last year. Our province's scope and sphere of technological development and foreign economic relations and trade are getting wider. Based on equality and mutual benefit, and through all kinds of effective channels and methods, our province has further strengthened cooperation with enterprise, economic, trade circles in various countries and regions.

This trade talks meeting has characteristics different from those previous. First, among the foreign transactions of commodities, new products and civilian products will increase by more than 20 percent. Second, some products turned out by the Sino-foreign joint ventures, and Sino-foreign cooperative enterprises which we have established over the past few years, as well as some state trading companies, will also enter the trade talks meeting for transactions. Third this meeting will not only hold trade talks on commodity exports, but also on technological exports. We warmly welcome personages from economic and trade circles from all places over the world, as well as Overseas Chinese and compatriots from Macao and Hong Kong to hold trade talks and do business in the province. We are convinced through concerted efforts by Chinese and foreign parties, Heilongjiang Province's economic development will be further boosted and foreign friends who invest in Heilongjiang will receive more benefits.

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CSO: 4006/822

## SHANXI RIBAO ON ENCOURAGING FOREIGN INVESTMENT

HK220333 Taiyuan SHANXI RIBAO in Chinese 29 Jun 87

[Report: "Provincial Government Promulgates 'Methods for Encouraging Foreign Investment in Shanxi'"]

[Text] In order to better absorb foreign investment and promote the economic development of our province, the Provincial People's Government promulgated "Methods for Encouraging Foreign Investment in Shanxi" on 23 June 1987. The methods are as follows:

Article 1: These methods are specially devised to put into effect "Regulations Promulgated by the State Council for Encouraging Foreign Investment," and other related state regulations, improve the investment environment of our province, better absorb foreign investment, import advanced technology, and foster the economic development of our province.

Article 2: The methods are applicable to foreign-owned enterprises, and joint ventures and cooperative enterprises jointly owned and run by the local enterprises, and other economic organizations in our province.

Article 3: Enterprises manufacturing export or advanced technology related products will be given priority in the provision of coal and electricity necessary for their production. Planning will be undertaken and quotas set in order to guarantee the supply. Prices will be the same as for state-run enterprises operating the same business in the province, and charges are paid in renminbi.

Article 4: If the production materials required by foreign-owned enterprises are supplied by units within the province, the management departments of enterprises should report to the provincial materials management departments so that they can guarantee the supply by undertaking planning. Prices will be calculated according to the market prices in our province, and charges are paid in Renminbi. Favorable price terms will be given to those paying in foreign exchange. The Provincial Economic Commission will be responsible for mediating and resolving any problem arising from the supply of materials covered by planning.

Article 5: Priority will be given to joint ventures and cooperative enterprises between foreign businessmen and our province, which are engaged in

industries such as coal and chemical processing, aluminum casting, and construction materials and ceramics production, in transporting their export products. Charges arising from transporting export products from enterprises to various ports in the country by rail will be partially subsidized, and paid by the Chinese partners in the cooperative enterprises, by offsetting against their share of the profits earned from the products.

Article 6: Foreign investors will be given priority in the use of foreign exchange they earn from foreign-owned enterprises, to export our province's products if they have the approval of the Provincial Department of Foreign Economic Relations and Trade.

Article 7: Foreign investors will enjoy the preferential treatment granted to foreign-owned enterprises if they reinvest their profits (foreign exchange or renminbi) earned from previous ventures by setting up enterprises in our province. In addition, with the approval of the Provincial Planning Commission, a certain percentage of local foreign exchange will be lent to these foreign investors if they do not have sufficient foreign exchange, to import the machinery and equipment necessary for setting up enterprises manufacturing export or advanced technology related products.

Article 8: Advanced technology related enterprises which encounter problems in the balance of foreign exchange during the first 3 years of their operation can submit applications to the Provincial Planning Commission. If their applications are approved, a certain percentage of retained foreign exchange will be allocated to them to help adequately resolve the problems.

Article 9: Apart from enjoying exemptions from, and reductions in, the taxes stipulated in state regulations, foreign enterprises can also be exempted from local profit and property taxes during the first 5 years of operation.

After enjoying exemptions from local profit and property taxes for 5 years, enterprises manufacturing export and advanced technology related can continue to enjoy exemptions from or reductions of local profit and property taxes for 5 more years depending on the condition of the enterprises.

If foreign enterprises which manufacture products for domestic sale in compliance with the terms stipulated in contracts, have difficulty in paying taxes in the initial period of operation, they can submit application for reduction of, or exemption from taxes. The integrated industrial and commercial tax can be exempted or reduced upon the approval of tax organs.

Article 10: Development programs, production and management proposals, financial budgets, allocation of profits, wages schemes, and the winding up of businesses that are related to foreign enterprises, are to be determined by their boards of directors. Enterprises will be responsible for their own organizational setup and personnel establishment so that their rights to employ personnel can be safeguarded.

Article 11: Foreign professionals who are invited to, or employed in, our province to help raise the technological level and provide technical guidance,

are highly remunerated. Foreign experts will be amply rewarded if the economic and technological opinions or consultancy services put forward or provided by them prove to be valuable and yield notable economic results for our province.

Article 12: Tasks such as negotiating with foreign investors, signing contracts, examining and approving contracts and the observance of contract terms regarding the establishment of foreign-owned enterprises, are under the centralized management of specialized units from the Provincial Department of Foreign Economic Relations and Trade. The Provincial Economic Commission will resolve any problem arising from the internal production and operation of these enterprises, and oversee their management.

Article 13: The Provincial Department of Foreign Economic Relations and Trade in Shanxi is authorized to interpret the methods.

Article 14: The methods will be implemented on the date of promulgation, and the "Several Favorable Regulations for Using Foreign Capital To Import Technology in Shanxi" promulgated by the Provincial People's Government in 1985 will be abolished immediately.

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CSO: 4006/822

## BRIEFS

QINGHAI EXPORTS INCREASE--Xining, 17 July (XINHUA)--Northwest China's Qinghai Province completed 87.74 percent of its yearly export quotas in the first 6 months of this year, a local official said today. This represents a 112.83 percent increase over the same period last year and is a record for the province, the official said. During this period, the province's export products increased by 30 to more than 100 including livestock, grain, medicine, textiles, chemicals, minerals and machines. The province's medicinal herbs have been well received on world markets, the official said, adding that the province's metallic silicon sells well in Japan. The province, with trade relations with 43 countries and regions, has great potential for foreign trade development, the official said. [Text] [Beijing XINHUA in English 1202 GMT 17 Jul 87 OW] /12232

YUNNAN IMPORTS TECHNOLOGY, EQUIPMENT--Kunming (CEI)--The Southwest China Province of Yunnan has so far signed more than 160 contracts with other countries and regions on importing technology and equipment, involving a total investment of over 100 million U.S. dollars. Most of the projects involve technical upgrading of existing enterprises, covering such areas as metallurgy, chemicals, machinery, electronics, building materials, hydroelectric power, light and textile industries, tobacco, agriculture and animal husbandry. Others are projects for improving the province's transport, telecommunications and other infrastructural sectors, including purchasing Boeing 737-300 planes and installing 10,000 sets of program-controlled telephones. [Text] [Beijing XINHUA in English 0617 GMT 20 Jul 87 OW] /12232

CSO: 4020/243

## QINGDAO WORKING TOWARD EXPORT-ORIENTED ECONOMY

OW181320 Beijing XINHUA in English 1215 GMT 18 Jul 87

[Text] Beijing, 18 July (XINHUA)--Qingdao Mayor Guo Songnian told the PEOPLE'S DAILY that his city earned 639 million yuan from exports in the first 5 months of this year, 9.43 percent more than in the same period last year.

Qingdao is one of China's five major trade ports with more than 80 years of history of industrial development. It also has a developed tourism industry and is a base for ocean studies.

The mayor said that in 1983 the city decided to set up an export-oriented economy aiming at the world market. Last year it exported goods worth a record 1,334 million yuan.

The city has concentrated on introducing foreign funds, importing advanced technology and renovating old equipment. Since 1984, it has developed 419 projects using foreign funds or importing equipment.

Now 13 joint ventures, or co-production projects have gone into operation in Qingdao. Among them seven productive enterprises will add another 107 million yuan in output value a year. Among the 309 projects involving imported technology, 109 have gone into operation, which is expected to generate about 1.784 billion yuan.

Now more than 400 factories are engaged in producing goods for export, and about one-sixth of all enterprises in the city have become hard currency earners.

The mayor said that the city is focusing on the construction of the Huangdao Economic Development Region, which is located on the western bank of Jiaozhou Bay.

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CSO: 4020/243

## SHANTOU SEZ INCREASES EARNINGS BY 114 PERCENT

HK020218 Hong Kong TA KUNG PAO in English 2 Jul 87 p 5

[Text] The Shantou Special Economic Zone (SEZ) in South China's Guangdong Province made US\$43.3 million from exports in the first 5 months of this year, up 114 percent over the same period of last year, according to Li Huanran, deputy director of the Zone's Administrative Committee.

Situated on the eastern outskirts of Shantou City, the zone was opened to foreign investment in 1980. It has a total area of 52.6 sq km.

Li said 80 percent of the zone's exports were industrial products. Exports volumes of enterprises with foreign investment increased by 150 percent over the same period of last year.

The main exports cover more than 100 varieties, including garments, toys, hardware, machines and plastic products.

The deputy director said the zone is expected to make more than US\$100 million from exports this year judging by the number of overseas orders the zone's enterprises have received.

Businessmen from Hong Kong, Macao, Singapore, Thailand and Japan invested nearly US\$100 million in the zone in the past few years. They have set up over 70 joint ventures.

The zone has set up over 170 cooperative enterprises in other provinces and cities. Several such cooperative projects involving at least US\$10 million have been put into operation.

The Ministry of Communications has decided to invest 300 million yuan in the construction of a deep-water harbour in the zone. Two power plants with a combined capacity of 350,000 kw will also be built.

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CSO: 4020/242

## SHENZHEN TO REFORM LAND MANAGEMENT SYSTEM

OWO71148 Beijing XINHUA in English 1125 GMT 7 Jul 87

[Text] Shenzhen, 7 July (XINHUA)--For the first time the authorities here will sell, through public bidding, the right to use residential plots of up to 20,000 sq m this month.

The Shenzhen City Government will choose 10 of the 30 local development companies for the bidding. Shenzhen is China's largest special economic zone, where foreign investors enjoy tax cuts and other preferential terms.

A city official described this new move as the first step taken by local authorities to reform the land managerial system to accelerate infrastructure construction and halt the irrational use of land.

"We don't use the word 'auction' but I think our practice is much the same as an auction," he said.

The city government has spent 600 million yuan (about 160 million U.S. dollars) on land development projects and other infrastructure construction since 1980. But only 38 million yuan in land use fees had been collected by the end of 1986, not enough to pay the interest on the bank loans for infrastructure construction.

Furthermore, this low-rent system is unfavorable to the rational use of land, the official said, noting that is why the city government has drawn up a plan for the reform of the land managerial system.

According to this plan, the right to use land is acquired through competition, submitting bids or allotment by local authorities, he said.

Competition means that land users will compete with one another by quoting prices for the purchase of a plot, which will go to the one offering the highest price, he explained. The city government has decided to introduce this system in the real estate business.

Submitting bids means that land users will vie with one another in acquiring the right to develop a plot by submitting bids within a prescribed period to the local government, which will decide on the winner through selection.

The city government intends to institute this system in the implementation of large or key development plans, the official said, adding that the land available for inviting bids will be charged according to market prices.

Eligible are Chinese firms with the status of a legal person, economic organizations and individuals from Hong Kong, Macao and other countries.

Land to be allotted by local authorities is restricted to the land to be used by government offices and units of the Chinese People's Liberation Army; by public utilities; and by establishments of science, education, public health, physical sports, etc.

Only land development fees are charged on the land to be allotted by local authorities, the official said.

Under the plan, land users may transfer the ownership of their buildings and the right to use the land their buildings occupy to others by means of sale, presentation or inheritance. They can also mortgage or lease real estate, the official said.

Users only have the right to use land and have no right to own it, he said, adding that a plot can be used for 50 years.

The city government will set up a land management office to oversee the implementation of the plan, a land consultancy office and an arbitration office. It will begin introducing the system of competition and submitting bids on a trial basis later this year, and the comprehensive reform of the land managerial system next year.

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CSO: 4020/242

## ZHUHAI PROMOTES ECONOMIC ZONE BUILDING

HK220351 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 20 Jul 87

[Text] Zhuhai, with a population of only more than 100,000 has a total of 118 financial institutions. Zhuhai's brisk financial market is playing an increasingly important role in building the Special Economic Zone. Over the past 2 years, Zhuhai has established a total of 10 nonbanking financial institutions including trust companies, urban credit cooperatives, and accommodation companies. This type of institutions and specialized banks complement and rationally compete with each other, thus creating an excellent situation in which banks choose clients and clients select banks. To strive for more clients, all banking and financial institutions have constantly improved the quality of their services, and set up different types of new business operations. China's first renminbi credit card service and automatic cash withdrawal service have been provided by the Bank of China in Zhuhai. This brisk financial market has made things convenient for the investors and the masses and has also raised large sums of money for promoting the building of the special economic zone. By the end of last year, the whole city's [as heard] savings deposits totaled 1.34 billion yuan, an increase of nearly 50 percent as compared with the previous year.

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CSO: 4006/822

## BRIEFS

FOREIGN INVESTMENT RISE--Shenyang, 5 July (XINHUA)--Liaoning Province signed 23 contracts to establish Sino-foreign joint ventures and co-management businesses during the January-May period, 10 more than in the same period in 1986. These involved 24.86 million U.S. dollars in foreign funds--up 41 percent, according to officials here today. Nineteen of them are in industries and 10, geared to exports, the officials said, adding that 9 will be built in cities other than the provincial capital Shenyang and the seaport Dalian. Liaoning has approved 180 foreign-funded enterprises involving 275 million U.S. dollars in foreign funds since the open policy began in 1979. The 92 of them now operational are able to balance their hard currency earnings and spending, the official noted. [Text] [Beijing XINHUA in English 0951 GMT 5 Jul 87] /12232

CSO: 4020/242

## NEI MONGGOL'S ERENHOT BECOMES RAIL TRANSIT PORT

OW140616 Beijing XINHUA in English 0556 GMT 14 Jul 87

[Text] Hohhot, 14 Jul (XINHUA)--It was a desert 31 years ago; today, it is one of China's major land ports of entry on the border between China and the Mongolian People's Republic, and also the country's smallest city, with a population of only 7,000.

Tiny as it is, Erenhot in the Inner Mongolia Autonomous Region serves as a hub for a railway that links Beijing to Ulaanbaatar and Moscow. Every week all the four international trains stop 2 hours in Erenhot. On the arrival of an international train, the railway station becomes a sea of jubilation. Then, a dance hall, a cafe, a reading room, and shops at the station are crowded with Chinese and foreign passengers.

The number of transit passengers via Erenhot hit an all-time high of 20,000 from 63 countries in 1986, compared to several thousand in 1978, the year before China began pursuing the policy of opening to the rest of the world.

Also in 1986, freight carried via Erenhot amounted to 1.84 million tons, six times the 1982 figure. The director of the Erenhot railway station telephones twice every day to his counterpart at Dzamin Uud in the Mongolian People's Republic to make sure that freight is handled smoothly. And freight handlers of the two countries can enter and leave the station on either side at any time.

Since October 1984, the residents of Erenhot and Dzamin Uud have held seven get-togethers in celebration of festivals. Now, if an official of any side intends to contact his counterpart on the other side, he just puts up a small flag on the boundary tablet and he will receive an answer within 1 hour.

The border is just 4.5 km from downtown Erenhot, inhabited by 7,000 people of seven nationalities--Han, Mongolian, Hui, Manchu, Korean, Qiang, and Daur--from every part of China.

Erenhot covers only 2.25 sq km and is crisscrossed by two roads. It has neither buses nor taxis, because it only takes 10 minutes to walk from east to west or from north to south. It is visited by thousands of tourists from 20 countries every year.

Tiny as it is, Erenhot has everything any other city has: government offices, factories, schools, cinemas, theaters, hospitals, hotels, and restaurants. There are 100 stores and half of their goods come from big cities such as Beijing, Tianjin, and Shanghai, and Guangdong Province in the south.

Erenhot's factories are all located in the suburbs and mainly process such raw materials as salt, mirabilite, and fluorite.

Local residents are fond of watching performances by Ulanmuqi (mobile song and dance troupes from the grasslands of Inner Mongolia) and sometimes they can enjoy performances by theater troupes from Beijing and other big cities.

Erenhot has 70 hotels and 60 restaurants, mostly run by individuals, including seven Mongolian herders. They are also 247 individual business people, some from Shanghai and the Zhejiang provincial capital of Hangzhou thousands of miles away. Most of them are engaged in such service trades as tailoring and repairs.

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CSO: 4006/830

TRANSPORTATION

ECONOMIC

WUHAN CONSTRUCTING FOREIGN TRADE HARBOR

OW140340 Beijing XINHUA in English 0153 GMT 14 Jul 87

[Text] Wuhan, 14 Jul (XINHUA)--The construction of the Qingshan foreign trade harbor has started in this capital of central China's Hubei Province.

Located on the lower reaches of the Yangtze River, the harbor, with a designed annual handling capacity of 900,000 tons, will have three berths, capable of accommodating four ocean-going ships of 5,000 dwt at a time, a local official said.

The 17.32-million-yuan project is one of the key construction projects undertaken by the state during the 7th 5-Year Plan period (1986-90).

The first berth is expected to go into service in June next year while the rest are scheduled for completion by 1990.

The completion of the harbor will enable export goods from southwest, northwest, and central China to be shipped out directly to foreign countries without passing through Shanghai or Hong Kong.

Other foreign trade ports under construction include Wuhu, Jiujiang, and Huangshi, with a total of 10 berths and a combined annual handling capacity of 3 million tons.

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CSO: 4006/830

## BRIEFS

SHANGHAI PORT EXPANSION--Beijing, 9 Jul (XINHUA)--Shanghai Port has just started construction on eight 10,000 dwt berths, today's overseas edition of the "PEOPLE'S DAILY" reported. The construction project, one of the key items in China's 7th 5-Year Plan period (1986-1990), will cost 300 million yuan (81.1 million U.S. dollars) and is scheduled to be ready for use in 1990. According to the report, the project also includes 20 smaller berths. Shanghai Port, one of China's largest, will be able to handle 4 million tons more cargo a year when the project is finished. [Text] [Beijing XINHUA in English 0830 GMT 9 Jul 87 OW] /9599

ZHANGJIAGANG TO GAIN DEEP-WATER BERTHS--Nanjing, 10 Jul (ZHONGGUO XINWEN SHE)--Five deep-water berths will be built in the harbor of Zhangjiagang, a new city on the lower reaches of the Changjiang. The handling capacity of the five deep-water berths will reach 6.4 million tons a year. They include a 20,000-ton coal berth, a 25,000-ton container berth, a 25,000-ton timber berth, and two 10,000-ton bulk cargo berths. Zhangjiagang is an important port on the lower reaches of the Changjiang and is open to the outside world. During the 6th 5-Year Plan, two deep-water berths, the No 6 and No 7 berths, were built there. After the five new berths are completed, the handling capacity of this port will be increased to 10 million tons a year. It will be of great significance to the economic development and the development of foreign trade of the southern Jiangsu area, including Suzhou, Wuxi, and Changzhou. [Text] [Hong Kong ZHONGGUO ZINWEN SHE in Chinese 0823 GMT 10 Jul 87] /9599

CSO: 4006/830

## VICE MINISTER EXPLAINS GRAIN MARKETING POLICY

OW211402 Beijing XINHUA in English 1350 GMT 21 Jul 87

[Text] Beidaihe, 21 July (XINHUA)--China's present grain marketing system is successful because it is meeting the state's needs and farmers' interests, promoting grain commodity production, and improving people's lives, according to a senior Chinese commerce official.

Jiang Xi, vice minister of commerce told Chinese and foreign participants of an international seminar on food marketing policy in session here that it is reform that enables the success of the system.

In a very long period of time before 1984, Jiang told participants, China used the state monopolized grain marketing system. Under this system, farmers had to sell 80-90 percent of their grain to the state after they retained enough for their food, fodder and seeds.

"The reason for practising the system for so long was due to the low grain per capita in China," Jiang explained, adding that only a state monopolized grain marketing system could yield enough grain to met the needs of all people.

The major demerits of the old system, however, were that it made grain marketing inflexible, hindered the development of commodity production and put too much burden on the state both financially and materially, he said.

Economic reforms since 1978 in rural areas have greatly promoted China's grain production. As a result, the grain output in 1984 reached 407 million tons, Jiang said.

In 1983, the monopoly grain marketing was replaced by a multi-grain marketing system. Under the new scheme, not only state- and collectively-owned units but also individuals are allowed to engage in grain marketing. Except for wheat, paddy, corn and soybean of major producing areas, all other varieties were no longer under the state monopoly.

From 1985, the policy of monopolized marketing was further abolished, replaced by a system of "contract procurement and market purchase," by which the farmers can sell their grain freely on markets after they sell part of their harvest to the state according to contract. In grain supply, there is also a new practice of "planned supply plus market regulation."

"Although we have made great achievements and gained rich experiences in grain production and marketing, and basically solved the food problem of the 1 billion Chinese people, there is still a long way to go to catch up with the high production and consumption level of developed countries," Jiang said.

"We will further implement reform objectives and invigorate grain marketing, promote grain commodity production and improve people's living standards," he said.

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CSO: 4020/244

## NORTHEAST REPORTS GRAIN PURCHASE PROBLEMS

## Investigation and Thoughts on Problems

HK150350 Beijing RENMIN RIBAO in Chinese 7 Jul 87 p 2

[Article special to RENMIN RIBAO by Wang Qinxue (3769 0530 1331), Zhang Guangyuan (1728 0342 6678), and Tan Peiquan (6223 0160 0356): "How Did the Granary Solve the Grain Problems?--Investigation and Thoughts on Grain Problems in the Three Northeast Provinces"--first of two parts]

[Text] "Difficulties in selling grain" were quite common in the rural areas of the three northeast provinces in 1984. During the purchasing season of last winter and this spring, these provinces encountered "difficulties in purchasing grain." The tense atmosphere of the "grain war" simultaneously filled Liaoning, Jilin, and Heilongjiang provinces. Some localities in Jilin adopted coercive measures to purchase grain such as imposing fines and repossessing the land. Some villages in Liaoning hired ensembles to blow wind instruments in the peasants' courtyards on the eve of the spring festival, disturbing those who refused to deliver grain. They even took away the peasants' television sets and washing machines. To purchase grain, the cadres of some villages in Heilongjiang quarreled and exchanged blows with peasants.... Even with such tactics, the three provinces could not fulfill their grain purchase quotas.

The difficulties in selling grain in 1984 were due to the bumper harvests in successive years and the limited capacity of granaries. Why, then, were there difficulties in purchasing grain last year? What is the grain production situation in the rural areas of the three northeast provinces? We went to the rural areas of more than 20 cities and countries from late March to mid-May this year and gained a lot of first hand information.

## The Grain Situation

Looking at the situation in three provinces, there is no shortage of grain. In the coastal city Dalian, there is a stockpile of 300 million kg of grain. From Dalian northward too Tieling, northern Liaoning's grain-producing area, apart from some districts affected by disasters, we discovered that the peasants' granaries were full of grain and almost every household had stores of grain. According to a sample survey by the provincial statistics

department, the rural average per capita store of grain was 480 jin, enough for a whole year.

In Jilin there was an "ocean" of maize. Following a bumper grain harvest in 1986, 6 billion kg of undried maize were stored in granaries with a capacity of only 3 billion kg and could go mouldy at any time. The provincial government sent an urgent telegram calling on the party, government, army, and people to dry the maize in the sun just like combating flood and natural disasters. The province mobilized 100,000 people and used over 200 highways, the sports grounds of more than 500 schools, and space at 10 airports to dry the maize. However, these areas were still not enough. The province asked for help from Liaoning and Heilongjiang and transported some grain to these provinces to be dried there.

What is the total output of grain in the three northeast provinces? It is very difficult to get accurate figures. According to the figures submitted by the statistical departments of the three provinces, the total grain output in 1986 was 43.9 billion kg. According to the competent departments of these provinces, each province left some margin in submitting the figures. The actual figure was 45.8 billion kg, 2 billion jin more than the figure submitted. The average per capita possession of grain in the three northeast provinces is 450 kg, 50 kg more than the national average. He Yongqi, a responsible person of the Agricultural Section of the State Council's Northeast Economic Zone Planning Office, said that since the implementation of the system of contracted responsibility with payment linked to output in the three northeast provinces, the peasants have benefited from the purchase price of grain raised by the state on several occasions. The peasants now have fervent enthusiasm for grain production. The annual average output of grain in recent years has exceeded 40 billion kg. As a result, there is no reason whatsoever to be pessimistic about grain in the three northeast provinces.

#### Punishment Meted out by the Law of Economy

Why, then, was there a strain in grain supplies last winter and this spring? Facts have proved the causes were artificial.

In 1986 the three northeast provinces were affected to varying degrees by natural disasters. As the weather changed later and remedial measures were promptly adopted, the total grain output approached that of the best year, 1984. Owing to the implementation of the contract system, grain purchases at negotiated prices in the market differed greatly from the purchases on a commission basis. Although the state signed purchase contracts with the peasants, the contracts lacked binding force. Consequently, the peasants tried to wait for a higher price to sell their grain. The figure submitted which was less than the actual output and the effects of disasters exaggerated by some localities resulted in the leading organs at higher levels drawing a wrong conclusion, that is, a shortage of grain. Viewed from the whole country, total demand for grain exceeds total supply. To this end, the three northeast provinces enacted a policy of "control," stipulating that grain should not be allowed to flow to other provinces or be marketed before the

fulfilling of the state purchase quotas. In addition, grain should not be transported to other areas by rail or highways without permission of the provincial authorities. In addition to the barriers erected to check the outflow of grain, the panic purchase of grain by some departments forced the price of maize to increase from 0.4 to 0.5 yuan per kg.

In view of the rising price of grain and believing that there was a shortage of grain, the peasants further attempted to wait for a higher price. The more the peasants delayed, the more the cadres pressed them; and the more the cadres pressed them, the more the peasants wanted to wait. Consequently, although the purchase quotas of the state were not fulfilled, the peasants had a lot of surplus grain.

As the circulation channels were clogged and the market was blocked, the grain agents from beyond Shanhaiguan were at the end of their tether. They had to return empty-handed because they could not purchase grain. Even if they could purchase some, transportation was impossible. Although restrictions on the market were lifted during the spring festival, the grain agents from various localities left one after another. The weather became warm and it was difficult to transport the undried maize. When the peasants realized that the situation was not too encouraging, they sold their grain in large quantities. When the price of grain purchased on commission was 0.38 yuan per kg last autumn, the peasants were unwilling to sell their grain. However, they vied with one another to sell their grain at the market price of 0.32 yuan per kg after the winter season. Moreover, the peasants of the three provinces were holding at least 1.5 to 2 billion kg of grain by mid April. If the difference between grain sold on commission and negotiated prices in the market is 0.04 yuan per kg, the peasants could suffer a loss of 60 to 70 million yuan.

The producers rather than the commodities have suffered in this regard. The drastic increase of grain prices is due to a wrong decision based on incorrect information. The drastic fall of grain prices is due to commodity supply exceeding demand. Whether the price rises or falls, the peasants suffer in the long run. People feel sorry for the peasants: "The peasants worry when there is a shortage of grain and even when they have surplus grain. When can they free themselves from this predicament?"

#### Grain Purchase Problem Solved

HK1500800 Beijing RENMIN RIBAO in Chinese 8 Jul 87 p 2

[Article special to RENMIN RIBAO by XINHUA reporters Wang Qinxue (3769 0530 1331), Zhang Guangyuan (17728 1639 6678), and Tan Peiquan (6223 0160 0356): "How Did the Granary Solve the Grain Problems?--Investigation and Thoughts on Grain Problems in the Three Northeast Province"]

[Text] The Market Should be Invigorated

How could the "granary" solve the grain problems? The comrades of the agricultural and grain departments of the three northeast provinces considered

the question seriously. The "double track" system (contract purchases of grain and market purchases at negotiated prices) implemented by the state, namely, "abolishing the old and establishing the new," took account of the interests of both the state and peasants. From a general point of view, the peasants have supported and accepted this system. However, the three northeast provinces have "abolished the old," but have not yet "established the new." As the state monopoly for purchase and marketing of grain prevailed for years, many people are not used to or do not understand how to apply market mechanism to readjust grain purchases. At a mere rustle of leaves in the wind, they exercise monopoly for fear of the difficulties in collecting grain. This leads to a vicious cycle of more monopoly less purchases and less purchases more monopoly. In fact, grain purchases depend on whether there is grain rather than monopolization.

What was the 1986 grain situation in the three northeast provinces? According to the output figure of 43.9 billion kg submitted by the statistical departments of the three northeast provinces, 18.6 billion kg of grain remained to be sold as commodity grain after deducting 2.5 billion kg retained by the rural areas (for grain ration, fodder, and seeds). Last autumn the state reduced the grain purchase quotas signed with the three northeast provinces in spring from 16.5 billion kg to 12.75 billion kg. As a result, the source of grain far exceeded the purchase quotas. It is thus clear that the failure to fulfill the grain purchase quota was due to certain mistakes in policy decisions and inappropriate work rather than the grain in the hands of the peasants.

Regarding the question of grain, lifting restrictions and economic invigoration constitute the pressing matter of the moment. Xin Zemin, deputy director of Heilongjiang Rural Industry Department made further expositions on the matter. He said that the purpose of "abolition" in the "double track" system is to stabilize the general situation, while the purpose of "establishment" is to benefit the peasants. The two supplement each other and neither should be overemphasized at the expense of the other. He said that it is feasible for the state to lift the restrictions on the market while purchasing grain. The problem lies mainly in the market. To invigorate and to retain control of the market, the government should provide accurate information and set reasonable guidance prices for the market. As a main channel, the grain departments should undertake responsibility and not work merely for the interests of certain departments. They should not try to purchase grain by either increasing the prices or forcing them down. Naturally, we must also pay attention to educating the peasants. We should encourage them to learn to swim in the ocean of commodity economy and overcome their small-scale peasant economy mentality of "feeling reluctant to sell as prices go up" and fearing to compete in the market.

#### Further Consideration

Circulation constitutes part of the grain problem in the three northeast provinces rather than the whole. While fully affirming the achievements of grain production, the masses still have some secret worries, that is, viewed

from the development strategy, should the three northeast provinces pay close attention to grain production, vigorously develop diversified economies, and take the road of all-round development of agriculture, forestry, sideline occupation, and fishery or should they follow the same old disastrous road of "taking grain as the key link"? This is by no means an unnecessary anxiety because there are some phenomena that call for consideration. For example, whenever grain production is emphasized, some localities negate readjustment of the production setup. They ignore their strong points and develop grain everywhere irrespective of the natural conditions. In the production of grain, they put stress only high-yield crops. As a result, maize is grown repeatedly in a year instead of intercropping. The sown area of maize in some key grain-producing counties accounted for 70 to 80 percent of the total cultivated area. The large area of maize grown for successive years and large quantity of chemical fertilizers applied led to a decline of soil fertility and organic content. According to the figures provided by the Northeast Economic Region Planning Office, the organic content of soil in the region is declining at the rate of 0.04 to 0.09 percent annually. This directly or indirectly affects the staying power and long-term development of grain production. How should the problem be solved? There is only one answer to this question: Develop reform in depth.

Regarding the agricultural development strategy of the northeast, we consulted the leading comrades and experts engaged in agricultural work for many years. Their views showed sound judgment. Zheng Jingnong, noted expert in animal husbandry and professor of Jilin Agricultural University, maintained establishment of a milk-farming structure along the "maize zone" extending from Liaoning's Tieling in the south to Heilongjiang's Sanjiang plain the north and taking the road which combines agriculture with animal husbandry. He pointed out: A mu of maize can turn out 1.5 tons of stalk which can feed a cow and provide 10 tons of manure. The manure applied to 15 mu of land can produce an extra 1 ton of grain output which is precisely the annual amount of concentrated feed for a cow. Moreover, a cow can produce 3 to 4 tons of milk a year, a net income of around 1,000 yuan. The benign cycle of milk, grain, increase in peasants' income, and soil fertility is like killing two or more birds with one stone. Although Professor Zheng's proposal failed to gain a popular response in Jilin, it became the successful practice of some masses in Heilongjiang. With over 320,000 head of cattle, the output of Heilongjiang's fresh milk and milk products ranked first in the whole country. Town and township enterprises engaged in the processing of milk products developed vigorously throughout the province. Heilongjiang's Shuangcheng county developed one-crop (grain) farming in the past. However, besides incurring serious deficits, it failed to increase grain output. With the development of milk production and diversified economies, last year the county produced 750 million kg of grain, a 67 percent increase over the previous year. The output value of the county's town and township enterprises also exceeded 200 million yuan. Now the county has removed the label of "backwardness." A similar situation exists in Zhaodong County. Thanks to the development of milk production and other processing industries in Songzhan town, three-fourths of the town's rural laborers have transferred to other trades. Marked achievements are being made in the scope and operation of intensive farming.

With traditional agriculture gradually embarking on the road of socialist agriculture and the cadres at all levels learning how to guide farm production with the objective laws governing economic development, is it necessary for our peasants to worry about the ups and downs in grain production?

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## DEVELOPING AGRICULTURAL S&amp;T IN GUIZHOU

Guiyang NONGYE JINGJI YU JISHU [AGRICULTURAL ECONOMICS AND TECHNOLOGY] in Chinese No 2, 1987 pp 23-24, 20

[Article by Li Keqin [2621 0344 0530], Guizhou Department of Agriculture: "Persist in Reform, Promote Development of Agricultural Science and Technology"]

[Text] Guizhou is one of the provinces that first carried out the agricultural output-related contract responsibility system. In recent years the great transformation of the countryside that has so intensely battered the old S&T system and management methods has pushed the S&T system of Guizhou's agriculture, animal husbandry, and fishery into a new stage, and S&T management methods have undergone corresponding changes. The three great systems of agricultural research, dissemination, and service are gradually being established and developed, and this has forcefully promoted progress in agricultural S&T and has vitalized the rural economy. From 1980 to 1985, there have been 151 completed S&T research projects that have received awards from the provincial people's government according to the "Method for Rewarding S&T Research in Guizhou." Seven of these projects received awards from the State Science and Technology Commission, the former State Agricultural Commission, the Ministry of Agriculture, Animal Husbandry, and Fishery, and the Ministry of Foreign Economic Relations and Trade. According to the stipulation that S&T research results be handled and rewarded hierarchically, the various responsible departments and local governments also gave awards to many superior research projects. The results of these projects are all being disseminated and applied in production. Outstanding socioeconomic benefits have also been obtained, and these have played an important role in promoting development of agriculture and animal husbandry during the Sixth 5-Year Plan. At the same time, they have also laid an excellent foundation for growth during the Seventh 5-Year Plan.

Reform of Guizhou's agricultural S&T system achieved its first breakthrough in the functions and structure of sound research and technology dissemination. At the end of 1985, Guizhou had 30 agricultural S&T institutions at the prefectural level or above; of these, 11 were part of the Guizhou Agricultural Institute, 9 were part of the Guizhou Department of Agriculture, and 10 were prefectural. The number of agricultural S&T extension stations at the county level and above reached 93. At the same time, 86 counties (and cities)

established crop protection stations, compost stations, agricultural economics stations, seed stations (companies), veterinary stations, breed improvement stations, grassland stations, etc. Aquaculture used to be a weak link in Guizhou, but now there are 56 county aquacultural stations; the number of integrated S&T extension stations has now grown to 668. As reform proceeds, the various county stations (and institutes) are gradually joining together to form service centers combining testing, demonstration, and training and extension. This is the direction of reform, and Guizhou has now established six of these centers. The system for dissemination of agricultural technology has moved from the administrative management of the past to dealing in technical services. Many agricultural S&T departments have implemented a system of fixed jobs and duties for their extension workers, directly linking job performance with economic benefits, and they are continuing to develop and perfect the technical contract responsibility system. At the same time, the nature of the services has been adjusted and their scope expanded, moving away from technical guidance only in production, toward comprehensive service, including supplying the means of production prior to production, and transport, storage, processing, and marketing after production; away from technical guidance only in planting, toward comprehensive technical guidance in agriculture, forestry, animal husbandry, sidelines, fishery, rural energy, environmental protection, and living standards; away from technical extension, toward combined extension and management. We are starting to realize the goal of "operations based on service, and good management to promote service."

The grassroots rural S&T service organizations are an important component of the province's entire agricultural S&T service system. Particularly with Guizhou's mountainous terrain and poor communications, backward S&T education, incomplete system of socialized dissemination, and insufficient technical personnel, the appearance of such vital agricultural S&T service organizations is undoubtedly essential for disseminating S&T knowledge, spreading new technologies and research results, opening up areas of circulation, transmitting S&T and economic information, and developing the production of commodities. Guizhou now has more than 2,860 such organizations consisting of prefectures, townships, villages, and households of all types, with 19,600 people participating. These grassroots agricultural S&T service organizations are operated, managed, and utilized by the people under the leadership of professional departments; the various levels of government merely provide appropriate operating subsidies or turnover funds. The role they play far exceeds that of the S&T service system of the past, consisting of a few state cadres.

Reform of the agricultural S&T system has promoted progress in S&T management. The province's agricultural S&T units have completed their work of fixing directions, setting tasks, and assigning manpower and have reformed the allocations system; they are now in the process of formulating a complete technical policy for implementation of different types of management by research units. From determining research topics to reporting and rewarding results, the "big pot of rice" of the past has been broken, and this has increased the power and vigor of these units to face economic construction, and has strengthened horizontal relationships. A few research units are now testing the institute director responsibility system and a system of hiring on

the basis of technical duties, and these approaches are being implemented overall on the basis of their experiences.

After the 3d Plenum of the 11th CPC Central Committee, Guizhou successively restored and established various academic agricultural organizations. There are now five provincial societies, including the Agricultural Society, the Animal Husbandry Society, the Soil Society, the Science Society, and the Agricultural Engineering Society. Under the Agricultural Society there are 11 branch societies, including those for crop protection, farm crops, tobacco, tea, mulberry, etc., with more than 120,000 members. A broad network for mass academic exchanges is being formed. The various annual meetings, topical discussion groups, meetings to exchange experiences, and other types of exchange activities have resolved many production difficulties. At the same time, by organizing study trips and providing such services as informational support for remote areas and S&T consulting, these societies have enlivened the academic climate and improved the quality of technical personnel, which has served to promote development of the rural economy in remote and impoverished areas.

As economic construction and scientific education advance, Guizhou's ranks of experts in agricultural S&T continue to grow. An S&T contingent of some size, with many different specializations and a certain amount of practical experience and scientific accomplishment, has been formed. It is Guizhou's main force for quadrupling GVAO by the end of the century and for modernizing agriculture. According to statistics, Guizhou now has 14,500 technical personnel in agriculture and animal husbandry; of these, 12,149 are specialists with at least a secondary technical school education, accounting for 83.8 percent of the total; there are 2,351 technical personnel, or 16 percent, with technical titles though not having a specific academic degree. Of the total number of technical personnel, 906, or 6.25 percent, are researchers; technical extension workers and other personnel have 22 areas of specialization, with nearly 5,000 specializing in agriculture, 4,800 in animal husbandry and veterinary medicine, 1,078 in crop protection, 310 in horticulture, 160 in soil, 104 in mulberries for silkworm production, 87 in tea, 56 in freshwater aquaculture, and 2,905 in other fields. However, the small number of technical personnel and their low educational level are an important hindrance to the development of agricultural production in this province. In recent years Guizhou has adopted such measures as bringing in experts through varied channels, vigorously developing education in the province, encouraging varied forms of education through different channels, increasing recruitment, sending people outside the province for advanced training, reforming the system for assigning students, opening up roads to get experts to rural areas, etc., in order to solve the problem of insufficient technical personnel. At the same time, it has allocated funds every year to train rural personnel in local conditions through varied means and at different levels. A multilevel, varied network is gradually being formed, with refresher courses for in-service technical personnel offered by the Guizhou Agricultural Institute at the highest level, rotation training of low-level technical personnel by the province's 10 secondary agricultural and animal husbandry schools at the second level, and on-site training of peasants by agricultural technical personnel and village experts at the third level, so as to better meet the pressing demand for skilled personnel in rural areas.

The above successes were achieved as a result of implementing the central government's policies and programs regarding reform, decontrol, and development of a socialist commodity economy and construction of material and spiritual civilization. Future development of Guizhou's agricultural research and technical work will require that we continue thorough implementation of the policy that "economic construction must rely on science and technology, and science and technology must deal with economic construction," focusing on the overall distribution of economic construction, reforming the S&T system, focusing on the strategic goal of developing agriculture and animal husbandry throughout the province, improving product output and quality, lowering consumption of materials, increasing economic benefits, and better serving readjustment of the rural industrial structure and development of a commodity economy, in order to contribute anew to invigorating Guizhou, enriching the people, and vitalizing the provincial economy.

For the Seventh 5-Year Plan, the key points of agricultural research in Guizhou are: integrated large-area cultivation techniques for high yields and superior quality of grain and oil crops; selection and propagation of superior varieties, focusing on breeding for improved quality and for resistance; expanding the area sown in famous, special, or superior products, establishing production bases, improving unit yields, ensuring quality; techniques for fresh storage, processing and comprehensive utilization of agricultural, livestock, fruit and vegetable products; development and rational utilization of feed resources; breed selection of livestock and poultry, utilization of superior hybrids, and increasing propagation capacity; pasture creation, scientific stockraising, processing and comprehensive utilization of animal products; cultivation of complementary varieties adapted to Guizhou's low- and medium-yield fields; expanding aquaculture and improving water conditions in order to shorten growth time, and developing high-yield aquacultural techniques, etc.

The key points of agricultural S&T work are: thoroughly implementing the Central Committee's resolutions regarding the guiding policy for construction of a socialist spiritual civilization, proceeding with reform of the S&T system, reinforcing the S&T ranks, improving the professional skills and management levels of S&T personnel, and enthusiastically creating conditions for fully exploiting the role of S&T personnel; organizing and coordinating the focus of S&T work and key research projects; vigorously disseminating agricultural education and knowledge and improving training of local skilled personnel, seeing that S&T support impoverished peasants; positively opening up agricultural technology markets, channeling research results into agricultural production, so that technology transfer, contracting, consulting, and shareholding are all introduced into the technology market as quickly as possible; focusing on commodity production and combining all types of commodity bases to meet the demands of "planting, raising, processing," and "trade, industry, agriculture" with products as the target; organizing research projects involving a coordinated process of research, intermediate testing, and development; truly bringing together all aspects such as research, introduction, intermediate testing, standardization, dissemination, and production; and consolidating and developing existing research, education and dissemination, producing an integrated body; setting aside reserves of

science and technology and skilled personnel; reinforcing leadership for different types of management of research institutions, etc.

Guizhou is one of China's oldest, smallest, remotest, and poorest provinces; its economic base is relatively weak, its scientific and educational levels are low, management levels are low, there are few technical personnel, funds are inadequate, and methods are backward. But Guizhou is extremely rich in natural resources and has an extraordinary environment; it has outstanding agricultural characteristics, with a varied terrain and climatological types that provide advantageous conditions for the development of agriculture, forestry, animal husbandry, sidelines, and fishery. During reform of the rural economic system, fully exploiting the advantages offered by the opening to the outside, and bringing in skilled personnel, technology, equipment, and capital are effective means of improving Guizhou's research and S&T work. In recent years, Guizhou has paid close attention to this problem and has done a great deal of work, formulating preferential policies; clear results have been achieved in bringing in skilled personnel, technology, equipment, and capital. If we adhere to self-sufficiency and persist in reform and decontrol, conscientiously implementing the Central Committee's programs and policies regarding the development of science and technology, S&T work in Guizhou will certainly experience even greater growth.

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AGRICULTURE

ECONOMIC

#### GU XIULIAN DISCUSSES FLOOD PREVENTION MEASURES

OW072343 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 6 Jul 87

[Excerpts] Yesterday afternoon, Governor Gu Xiulian personally presided over an emergency meeting on flood prevention to study and organize current flood prevention work.

At present, Chuhe and Qinhuaihe all exceed warning water levels and the water level continues to rise. Water levels of Changjiang and Huaihe are also rising on all fronts. It is estimated that Changjiang rose 10,000 cubic meters per second in the last 3 days and Huaihe 2,000 cubic meters per second in the last 2 days. Some 900,000 mu of crop fields in the province were surrounded by water and another 400,000 mu suffered waterlogging. It is therefore highly probable that the province will be hit by heavy rains and floods. The province is thus faced with the pressing task of flood and waterlogging prevention.

Governor Gu Xiulian made demands on personnel of the provincial flood prevention command at the emergency meeting. First, personnel in prefectures, cities, and counties must take immediate action and arrange comprehensive flood prevention preparatory work. Second, we should recheck all water conservation work. City mayors should take the lead and leading comrades should be involved in the rechecking work. We should also keep in touch with local troops. Third, we should carry on the spirit of jointly combating floods, take the overall situation into consideration, and take the initiative to consult with neighboring provinces and areas. Fourth, we should pay particular attention to flood prevention work of Chuhe and Qinhuaihe and ensure the safety of (Jinpu) railway and state key engineering projects.

Lastly, Governor Gu pointed out: We should give timely weather forecast and rain information to the masses via radio broadcasts and television. All flood prevention command systems [words indistinct] should not be complacent. They should particularly ensure the adequate supply of electricity and gas and other materials needed in combating floods and keep communications lines open. Civil affairs departments should prepare in advance disaster relief work.

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## JIANGXI TRANSFORMS LAND WITH WORLD BANK LOAN

OWO11432 Beijing XINHUA in English 11233 GMT 1 Jul 87

[Text] Nanchang, 1 July (XINHUA)--Using soft loans provided by the World Bank and the World Food Program, east China's Jiangxi Province has achieved initial successes in ameliorating the red soil land and in raising fish.

According to a local official, Jiangxi has 7.6 million hectares of red clay soil which is unfavourable for crop growth, of which 1.3 million hectares can be developed for farming and animal husbandry.

In 1986, the province received 30 million U.S. dollars in soft loans from the World Bank and planned to develop 20,000 hectares of red soil within 5 years.

Up to the present, Jiangxi has built 13 electric pumping stations, dozens of irrigation canals and highway and developed 2,200 hectares of wasteland and planted granges on about 1,000 hectares, and ramie and forage crops on 220 hectares and put up a shelter belt covering more than 200 hectares.

Last year, 989 families moved to settle in the red soil areas to run their own farms and all reported profits in the very year.

The province obtained 8,755,000 U.S. dollars worth of material aid from the World Food Program and a loan of 7.71 million U.S. dollars from the World Bank for developing fisheries. The province has planned to build 2,800 hectares of fish ponds and improve 800 hectares of existing ponds in Duchang and Xingzi counties and on the outskirts of Nanchang City.

To date, 338 hectares of ponds have been built in the two counties and put in 3.23 million fry, which are expected to yield 3,000 kg per hectares by the end of this year. The outskirts of Nanchang City has built 458 hectares of fish ponds, which are expected to yield 4,500 kg of fish per hectare this year.

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## SHAANXI WANTS PEASANTS TO INVEST IN AGRICULTURE

HK240300 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 22 Jun 87

[Commentary by station reporter Jia Bingshen: "Create a Fine Investment Environment, Strengthen the Peasants' Investment Consciousness"]

[Excerpts] Increasing agricultural investment is the basic requirement for developing agricultural production. Having the peasants make their own investment is an important aspect of increasing agricultural investments. The current situation is that the peasants' investment consciousness is relatively weak. Some peasants said: We dare not make arbitrary investments and we also do not know the proper way to make investments. This fact demands that our leading cadres at all levels find ways as quickly as possible for the peasants to make capital investments, and create a fine investment environment for the peasants.

To enable the peasants to feel at ease in making investments, we must fully implement the party's policies toward the peasants. Once contracts and agreements are signed, they must be implemented conscientiously. We must avoid the practice of signing contracts and agreements in the morning and rescinding them in the evening after realizing that such contracts and agreements enrich the peasants.

Investments from our province's peasants should currently be primarily focused on improving the fertility of soil, using improved varieties and planting methods, and also on repairing farmland capital construction facilities and other basic agricultural facilities.

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## SHANDONG CITES ACHIEVEMENTS IN RURAL REFORM, GRAIN OUTPUT

SK220410N Jinan Shandong Provincial Service in Mandarin 2200 GMT 21 Jun 87

[Text] Rural reform, the first reform carried out since the 3d Plenary Session of the 11th party Central Committee, has gradually revitalized the rural economy throughout the province. Over the past 8 years, starting from the household contract responsibility system, our province has readjusted the production setup, developed the commodity economy, and enlivened the circulation in the rural areas--important reform measures--thus eliminating the pernicious influence of leftist ideas step by step, shattering the mental shackles of peasants, smashing the backward and closed natural economy, and emancipating the productive forces. The production enthusiasm of thousands of peasants, which was dampened for a long time, has burst forth in the course of reform and has become a tremendous force to bring about inspiring changes in the rural economy throughout the province.

The grain output of the province has increased by 9.23 billion kg in 8 years, reaching 32.5 billion kg last year. The northwest part of the province, to which grain had been shipped from other areas, transferred a net amount of 540 million kg of grain to other areas last year. The province set a new record in cotton output by producing 1.72 million tons, more than 10 times greater than 1978. Its peanut output also registered an increase of more than 100 percent over 1978. Its output of major farm products such as corn, cotton, oil-bearing crops and fruits, all ranks first in the country.

After readjustment, the structure of the province's agricultural economy has become more rational. The proportion of the output value of forestry, animal husbandry, sideline production, and fishery in the total output value of agriculture has increased from 30.5 to 49.7 percent. Last year the province's agricultural output value reached 27.7 billion yuan, averaging an annual increase of 8.5 percent in 8 years, a growth rate nearly doubling the annual rate in the 30 years after liberation. The total income of the township enterprises throughout the province was more than 33.4 billion yuan last year, nearly a six-fold increase over 1978, and surpassing the agricultural output value for the first time. The proportion of rural products sold as commodities reached 57.3 percent last year, nearly a 100-percent increase. Exports of farm products exceeded \$700 million. The province's per-capita net income of peasants has grown by nearly 5 times in 8 years. /It reached more than 449 yuan last year. The rural savings deposits of the province have increased by 650 percent, reaching 11 billion yuan by the end of last year.

Poverty-stricken and remote areas of our province have greatly accelerated their economic development over the past few years. Last year the 14 poverty-stricken counties which the province had emphatically helped increased their total social product by 10.8 percent over 1985. The per-capita net income of the Yimeng mountainous area increased to 265 yuan last year, and the difficulty in supplying drinking water to its 440,000 peasants was resolved. The development of the four lakes in southern Shandong, Dongping Lake, islands, and the beaches is also full of vitality.

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## AGRICULTURE

### BRIEFS

FOOD CONTAMINATION--According to incomplete statistics, in the first quarter of 1987, 375 cases of food contamination were reported in China, a 16.46 percent increase over the same period in 1986; and 8,932 people were poisoned. [Excerpt] [Beijing NONGMIN RIBAO in Chinese 29 Jun 87 p 1]

ZHEJIANG PIG PRODUCTION--According to surveys, at present there are 11,845,400 pigs in stock in Zhejiang Province, a 9.47 percent decrease from the same period in 1986. In May there were 692,200 sows, a 28.73 percent decrease from the same period in 1986, and the number of piglets declined by 21.47 percent. At present, sows account for only 5.84 percent of the stock. [Excerpt] [Beijing NONGMIN RIBAO in Chinese 16 Jul 87 p 2]

JIANGSU RURAL SAVINGS--As of the end of June, rural saving deposits in Jiangsu Province totaled 9.28 billion yuan, an increase of 1.668 billion yuan over the beginning of 1987, or a 21.9 percent increase. [Nanjing XINHUA RIBAO in Chinese 11 Jul 87 p 1]

ZHEJIANG RURAL SAVINGS--As of the end of June, rural saving deposits in agricultural banks and credit cooperatives in Zhejiang Province totaled 7.5 billion yuan, an increase of 1.522 billion yuan over the end of 1986, and accounted for 76.1 percent of the annual plan. Per capita savings increased from 174.91 yuan at the end of 1986 to 219.44 yuan, an average increase of 44.53 yuan. [Text] [Hangzhou ZHEJIANG RIBAO in Chinese 8 Jul 87 p 1]

HENAN REAPS GOOD HARVEST--Zhengzhou- 30 June (XINHUA)--Central China's Henan Province reported to have reaped more than 16.2 million tons of summer grain this year, 286,000 tons more than in 1986. The total summer grain output was only next to the record 1984's, an official from the provincial Statistics Bureau said. Henan Province is China's largest wheat producer. This year, it sowed 4.8 million hectares of summer crops, over 36,000 hectares more than last year when the province was struck by severe drought. The official attributed the good harvest to a series of measures adopted by the government to support grain production and the rising prices on the market. Local peasants have put in a great deal of work to repair and build irrigation projects and strengthened field management, the official said. The province as a whole added more than 400,000 hectares of land under effective irrigation and over 80 percent of the wheat fields were applied fertilizer during the recovery period. [Text] [Beijing XINHUA in English 1206 GMT 30 Jun 87 OW]  
/12232

RURAL DEPOSITS INCREASE--Beijing, 20 July (XINHUA)--By the end of June, China's rural deposit volume reached 124.3 billion yuan, up 21.4 percent over last December, according to today's FINANCIAL TIMES. The figure represents a 9 billion yuan or 70.1 percent growth over the same period of last year. The paper attributes the increase to the expanded rural commodity economy and increased income of peasants. [Text] [Beijing XINHUA in English 1053 GMT 20 Jul 87 OW] /12232

FARM MACHINERY PRODUCTION--Beijing, 20 July (XINHUA)--China's major farming machinery producers generated more than 8.1 billion yuan (about 2.2 billion U.S. dollars) in output value during the first half of this year, up 27.6 percent over the same period of last year, according to CHINA FARM MACHINERY NEWS. The machine builders have already met 63.4 percent of their annual production target, the paper said. Total sales of farm machines during the period came to 6.3 billion yuan, up 40.6 percent over the first 6 months of last year, an industry record. Most of the production centered on machines that spread pesticide, irrigate and drain and plant crops as well as pumps and combine harvesters. Small-sized and walking tractors still enjoyed good sales, and quality products could barely meet demand. Between January and June, 564,000 small and walking tractors of different specifications were put on the market, 40.9 percent more than the same period last year. This still did not satisfy demand, the paper said. The paper attributed the higher demand for farm machinery to the increased input in agriculture. [Text] [Beijing XINHUA in English 1204 GMT 20 Jul 87 OW] /12232

GUANGDONG EXPORTS--The gross export value of Guangdong's agricultural products and processed agricultural products in 1986 totaled more than \$1.2 billion, thus ranking first in the whole country for export value in this regard. By the end of 1986, Guangdong Province had established a total of 1,700 farm produce and farm sideline products production bases. At present, there are 318 factories processing agricultural and sideline products for export purposes in the counties of Guangdong Province. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 12 Jul 87 HK] /6662

XINJIANG AGRICULTURAL CAPITAL CONSTRUCTION--During the first half of this year, Xinjiang region's agricultural capital construction input increased by over 40 percent as compared with the same period last year. Agricultural credits extended during the first quarter of this year by Xinjiang region's agricultural banks and credit cooperatives totaled more than 570 million yuan, an increase of over 210 million yuan as compared with the same period last year. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 13 Jul 87 H] /6662

HUNAN SPRING HARVEST INCREASES--Total output of Hunan's 4.51 million mu of spring grain was 470 million kg, an increase of 5.9 percent over last year. Output of the 6.5 million mu of rapeseed was 8.2 million dan, an increase of 1 million dan over last year, and a record. [Summary] [Changsha Hunan Provincial Service in Mandarin 0000 GMT 22 Jun 87 HK] /6662

CSO: 4006/817

DEFENSE TECHNOLOGY SHIFTED TO FOUR MODERNIZATIONS

OW200606 Beijing XINHUA Domestic Service in Chinese 0556 GMT 19 Jul 87

[By reporter Chen Zhiqiang]

[Excerpt] Beijing, 19 Jul (XINHUA)--The strategic shift of science, technology, and industry for national defense has been accelerated in the course of reform. The industry is moving from its small world of military industrial production to the vast battlefield of the four modernizations.

To radically shift the aim of science, technology, and industry for national defense from mainly serving the purpose of national defense modernization to serving the four modernizations, the industry has made important structural reforms and made major progress in two areas in the past 2 years. First, the Ministry of Ordnance Industry, the Ministry of Nuclear Industry, the Ministry of Aeronautics Industry, and the Ministry of Astronautics Industry have been put under the leadership of the State Council, enabling the industry's entire production of goods for civilian use to be brought into the national economic development plan. Second, the State Machine-building Industry Commission has been established, resulting in great qualitative progress in the work of the former Ministry of Ordnance Industry and the Ministry of Machine-building Industry in integrating their military production with the production of goods for civilian use. Based on these, the research units and enterprises under the industry are divided into three categories according to the tasks they undertake--namely, those majoring in the research or production of military products, those majoring in goods for civilian use, and those totally shifted into the production of goods for civilian use. They have readjusted their military industrial research and production capacity, putting more manpower and materials onto the major battlefield of national economic development. Currently, the industry's personnel engaging in the research and production of goods for civilian use accounts for over 70 percent of the industry's total work force. Total output value of the industry's goods for civilian use amounted to 4.7 billion yuan in the first half of this year, 33 percent more than in the same period last year.

The industry has made its development plan more specific in its strategic shift from military production to the production of goods for civilian use. First, it has committed itself to serving township and town enterprises, old

revolutionary base areas, minority nationality regions, and frontier areas. Second, it has decided to make contributions to importing and digesting foreign advanced technologies. It has put its major efforts into tackling problems that the civilian industry has been unable to solve by taking advantage of its superiority in industrial technology and equipment. It has developed numerous textile machines, medical equipment, machines and tools for the petroleum industry, and various other industrial equipment comparable to imported products. The Ministry of Astronautics Industry alone has solved more than 200 technological problems concerning medical equipment, creating favorable conditions for updating China's medical equipment and facilities for pharmaceutical industry. Military industrial technology has been used to help the general public, the poor, and the people in frontier areas, and has been introduced to plateaus, islands, remote villages, and frontier areas, forming nationwide network.

At the same time, a series of measures have also been taken to reform the research and management system for military products, allowing an initial shift from total administrative management to a new planned management system combining economic, administrative, and legal means.

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CSO: 4005/0865

PLA AIR FORCE RADAR COVERS WHOLE COUNTRY

HK171116 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0723 GMT 16 Jul 87

[Text] Beijing, 16 Jul (ZHONGGUO XINWEN SHE)--The PLA Air Force has built up a new-style radar corps with a relatively high degree of modernization. The air radar network of this corps, dovetailing in varying degrees in light of different areas and requirements, now basically covers the whole country.

Building of the PLA Air Force radar corps began in September 1949. In the past 30 and more years, to meet the needs of the country's air defense, this corps has progressed from visual observation to radar observation and has developed from a simple air warning role to fulfilling a dual role of air warning and providing assistance and guidance. It has progressed from single radar stations to air warning lines, and from links between area radar intelligence networks to a nationwide radar intelligence network.

At the same time, the radar units have correspondingly set up a radar intelligence reporting system, which is closely linked to the naval radar intelligence system. The system reports information all the time, every day, to the Army, Navy, and Air Force, to civilian aviation, and to civil air defense departments.

The radar corps is a technically complex branch. The continuous perfection of its equipment and its rigorous training have enabled the combat effectiveness of the radar corps, whose command is highly centralized and deployment highly scattered, to reach a new level.

The radar corps has a glorious combat history. In May 1950, its own radar intelligence was used for the first time in shooting down a B-24 that had intruded at Shanghai. Since then, the corps has provided the necessary assistance to combat units in destroying or damaging 540 enemy aircraft. The corps has also smoothly fulfilled its tasks of providing assistance for civil aviation, special flights, rescue and relief work, and so on.

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MILITARY, PUBLIC SECURITY

PLA ARTILLERY FORCE COMPUTERIZED, MODERNIZED

OW191117 Beijing XINHUA Domestic Service in Chinese 2329 GMT 18 Jul 87

[By reporter Xu Jingyue and correspondent Wan Gaochao]

[Text] Beijing, 19 Jul (XINHUA)--The rapid reaction capability of the PLA artillery force has been enhanced by more than a dozen times. Now it takes only a split second from giving a firing command to hitting the target.

Such progress made by the artillery force is the result of advanced automatic fire control system. The fire control system and combat intelligence system for antiaircraft guns and air defense missiles have been computerized, equipped with laser range-finders and digital transmission communications devices. New equipment has completely replaced the old method of using computing tables.

With the introduction of modern science and technology into the military field, rapid reaction has become a distinguishing feature of modern war. In recent years, the artillery force has applied modern science and technology in training, improved its rapid reaction capability, particularly fire reaction, and become remarkably faster in preparation for battle, troop movement, troop deployment and withdrawal, logistic support, and fire reaction. A recent military exercise held by a group army showed that as soon as a target appeared, the artillery unit caught it with its optical, electronic, magnetic, and acoustic devices, issued an open-fire command to the guns via computer and digital communications equipment, and hit the target in a split second.

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LANZHOU MILITARY REGION STEPS UP PARTY BUILDING

OW060903 Beijing XINHUA Domestic Service in Chinese 0544 GMT 5 Jul 87

[By reporter Gu Yuezhong and correspondent An Xiaoping]

[Text] Lanzhou, 5 Jul (XINHUA)--The Lanzhou Military Region party committee, after leading the whole military region in completing party rectification during a concentrated period of time, has strived to improve and perfect various systems as the party committee steps up its routine party building. It can thereby lead party committees at and above the regiment level to more effectively exercise their leadership role in upholding the four cardinal principles and promoting army building.

In order to more conscientiously strengthen the party's organizational construction, since the beginning of this year party committees at various levels in the Lanzhou Military Region have earnestly studied Comrade Deng Xiaoping's speech at the central enlarged work meeting in 1962 and his speech at the Central Political Bureau in 1980. Leading comrades of the military region party committee personally conducted a 6-month investigation and study to assess the current situation in the organizational construction of party committees, identify problems and their causes, and put forth suggestions for improvement. Based on these suggestions, the military region party committee called a forum attended by secretaries of party committees at and above the division level to exchange experience in intensifying organizational construction. A notice dealing with neglect of organizational construction by some party committees, which led to individual leading comrades' blunders and violations of law, was twice circulated among army and division party committees. This notice urged them to draw lessons from these cases and conscientiously step up organizational construction.

In order to sum up the experience and improve the system of organizational construction by party committees, the military region, from March to May this year, organized seven work groups to visit 30 different types of standard regiments which, thanks to their party committee members' awareness of the importance and strict implementation of the system, had successfully solved problems in organizational construction. The experiences of these party committees were documented by the military region party committee and circulated to party committees at and above the regiment level on eve of the 1 July Party Founding Day.

So far, party committees at and above the regiment level in the Lanzhou Military Region have methodically carried out their organizational construction. As far as the organizational and work systems are concerned, the party committees, focusing on the promotion of the party's democratic centralism, have improved the system of division of labor among the leading cadres working under collective leadership of the party committee. Party committees have also improved the system of inner-party democratic life, the system of instructions and reports, and the system of self-study by party committee members. In the supervision system, party committee members have more conscientiously accepted the supervision by the masses and mutual supervision inside the party committee, while further improving the discipline inspection commissions' supervision over party committees at the same level. Recent surveys by the Lanzhou Military Region Political Department and the Discipline Inspection Commission of its party committee have indicated that most army and division party committees have thoroughly implemented these systems, ensuring that the guidelines are observed in supervising members of the party committees, instituting the inner-party life, and exercising effective leadership. Party committees have also conspicuously stepped up their organizational construction, increased their problem-solving ability, and avoided deviation and errors in the direction of army building and other major issues. All PLA units have completed the tasks in the reduction-in-force reorganization. In the first half of this year, six advanced army and division party committees and 19 outstanding army and division party member-leading cadres have emerged in the military region.

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CSO: 4005/0865

MILITARY, PUBLIC SECURITY

SICHUAN MEETING ON ARMY CONSCRIPTION, SERVICE

HK020157 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 1 Jul 87

[Excerpts] The Deyang City party committee, government, and military sub-district recently held a joint conference to popularize and commend experiences in dealing with army conscription, military service, and resettlement as a complete process. The meeting summed up and popularized the achievements of the city in this work in the past year.

Dealing with army conscription, service, and resettlement as a complete process was a new experience created by Xingyang town in Guanghan County at the beginning of 1985 to resolve problems in conscripting people into the army and in finding talented people. This experience aroused the enthusiasm of young people to join the army. Last year 70,000 young people in the city registered for military service. Graduates of senior secondary schools accounted for 42 percent of the 2,000 who were conscripted last year.

The experience of Xiangyang town in dealing with conscription, military service, and resettlement as a complete process has creatively answered and resolved new problems in conscription, military service, and the exploiting and employment of talented people, and in preferential treatment and resettlement work. These problems have emerged in the new situation. The experience constitutes a social engineering project for building up the country, enriching the people, and making the army strong. Under this experience, talented people are selected for conscription, and they contribute their talents to the army during their service and to their hometown on demobilization. Apart from promoting the modernization of the army, they have also provided increased vitality for the local economy.

Chengdu Military Region Commander Fu Quanyou and Political Commissar Wan Haifeng, Vice Governor Gu Jinchi, and Sichuan Military District Commander Zhang Changshun and Political Commissar Gao Shuchun attended the meeting and made important speeches.

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BRIEFS

**AUTOMATED GUN LAYING SYSTEM**--A "completely automated operational command system for field artillery groups" developed by an artillery division in the Guangzhou Military Region was recently exhibited at the Military Museum. Through use during testing, it proved it could support artillery group and battalion firing, the electronic alignment device requiring only 18 seconds from observation of a located target to actually laying the gun. [Text] [Beijing JIEFANGJUN BAO in Chinese 8 Jul 87 p 1]

**SHENYANG ARTILLERY BRIGADE FIGHTS FIRE**--An artillery brigade of the Shenyang Military Region received a collective merit citation, first class, for its 23 days of fire fighting. This brigade was newly formed in October 1985. On 15 May it was ordered to a forest area where it encountered a forest fire on Tutou Shan. On 18 May it was given a mission to dig a trench to prevent the fire from spreading into the primeval forest. This brigade's commander is surnamed Du [2629]; its political commissar is Chen [7115]; and the director of the Logistics Department [bu 6752] is Kang [1660]. [Summary] [Beijing JIEFANGJUN BAO in Chinese 11 Jul 87 p 1]

**TANK DIVISION ATTACHED TO GROUP ARMY**--A certain tank brigade of the Shenyang Military Region received a collective merit citation, 2d class, for its 28 days of fire fighting in the Daxinganling area. On 16 May, after marching for 2 days and 2 nights, the division reached the disaster area and was attached to an unidentified group army. [Summary] [Beijing JIEFANGJUN BAO in Chinese 13 Jul 87 p 1]

**ARTILLERY COMMAND COLLEGE 30TH ANNIVERSARY**--Shijiazhuang report: The PLA Artillery Corps' highest educational institution--the Artillery Command College--celebrated its 30th anniversary today. Attending the meeting were Chief of General Staff Yang Dezhi; Central Advisory Commission Standing Committee member and former concurrent Military Commission Artillery Corps Commander and first commandant of the Artillery College Chen Xilian; Deputy Chief of General Staff Han Huaizhi; and former Military Commission Artillery Corps Commander Song Chengzhi. [Summary] [Beijing JIEFANGJUN BAO in Chinese 11 Jul 87 p 1]

**REORGANIZATION OF JU UD MENG UNIT**--5th Company of a certain regiment garrisoned on the grassland of Ju Ud Meng, Nei Mongol, has become an advanced unit in cultural work during the less than 2 years since it was reorganized and consolidated. This company was formed in 1985 by combining personnel from seven organizations. [Summary] [Beijing JIEFANGJUN BAO in Chinese 12 Jul 87 p 2]

NINGXIA ARTILLERY RANGE--A certain Lanzhou Military Region artillery range, located in Tongxin Xian, Ningxia, is opening 500,000 mu of pasture lands which have been sealed off for 20 years. This will provide grazing for the herds of Tongxin, Zhongning, and two other counties. [Text] [Taiyuan SHANXI NONGMIN in Chinese 13 Jun 87 p 1]

MILITIA NUCLEAR RESCUE UNIT--China's first militia chemical defense fendui for emergency nuclear rescue began training in Haiyan Xian, Zhejiang. This new unit was formed to improve the overall protective capability of the Qinshan nuclear power plant. In order to deal with accidents involving nuclear contamination and to ensure the smooth implementation of economic construction and the populace's safety, the Jiaxing Military Subdistrict together with Haiyan Xian selected outstanding youths from the Qinshan plant locale and formed this fendui in early May of this year. It is equipped with excellent modern equipment used by regular units. The first group of 82 militiamen participating trained in monitoring radioactivity, reconnaissance, and decontamination. [Excerpts] [Hangzhou ZHEJIANG RIBAO in Chinese 16 Jun 87 p 1]

MINORITY CADRES IN YUNNAN UNIT--A Yunnan border defense unit pays special attention to developing the Hani, Yi, Yao, Tai, and Lagu minorities in its locale. In the 9 years since it was formed, the unit has cultivated 110 minority cadres, of whom more than 30 are battalion-level cadres and some have even become division-level leaders. [Excerpts] [Kunming YUNNAN RIBAO in Chinese 10 Jun 87 p 12]

JIANGXI PAP LEADERS--The Jiangxi People's Armed Police Zongdui held a military review on 1 July to honor the 60th anniversary of the PLA. Attending were Jiangxi PAP Zongdui Commander Ding Xinfu [0002 9515 4099]; Deputy Commander Zhu Zishun [2612 5261 7311]; and First Political Commissar Sun Shusen [1327 2885 2773]. [Excerpts] [Nanchang JIANGXI RIBAO in Chinese 2 Jul 87 p 1]

HUNAN TRAINS TRANSFERRED CADRES--Proceeding from the needs of the four modernizations, party and government organizations throughout the province have adopted multilevel and multichannel methods to train military cadres transferred to civilian work. According to statistics compiled in June this year, a total of more than 14,000 military cadres transferred to civilian work in our province have received civilian professional training of different sorts over the past 3 years, thus enabling them to quickly adapt themselves to new work conditions and to play important roles in the building of the two civilizations. Since 1984, our province has received and found places for more than 21,000 military cadres transferred to civilian work. Last year six prefectures and cities in the province raised funds totaling more than 10 million yuan to establish a training center for military cadres transferred to civilian work. [Excerpts] [Changsha Hunan Provincial Service in Mandarin 1000 GMT 22 Jun 87 HK] /9274

POLITICAL TREATMENT OF RETIRED CADRES--The provincial party committee's general office recently circulated a report from the party group of the provincial civil affairs department on solving questions of political treatment for retired PLA cadres. The report proposed: All retired PLA cadres assigned to the province should enjoy the political treatment enjoyed by local cadres at the equivalent level in viewing documents, hearing reports, attending meetings, and in social and political activities and so on. When holding major

celebration or commemoration meetings, the localities should invite representatives of retired PLA cadres to attend. When outstanding party members and advanced and model figures are being assessed, it is necessary to assign a certain number of slots to retired PLA cadres. Representatives of retired PLA cadres who have made relatively great contributions should be assigned suitable honorary duties, just like the local cadres. [Text] [Changdu Sichuan Provincial Service in Mandarin 2200 GMT 17 Jul 87 HK]

JINAN MR NPC DELEGATES ELECTED--The meeting of party delegates of the Jinan Military Region concluded in Jinan on 19 April [as heard]. The meeting aimed at electing the delegates of the Jinan Military Region to the 13th National Party Congress. Chi Haotian, secretary of the party committee of the Jinan Military Region, and Li Jiulong, deputy secretary of the Jinan Military Region party committee, and Li Jiulong, deputy secretary of the Jinan Military Region party committee, spoke at the meeting. A total of 242 delegates participated in the meeting. Having conscientiously studied the pertinent documents of the CPC Central Committee and the PLA General Political Department, the meeting's participants elected 16 delegates by secret ballot, after full deliberations and discussions. [Text] [Jinan Shandong Provincial Service in Mandarin 2200 GMT 29 Jun 87 SK] /9274

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